

Congressional Budget Justification
FOREIGN OPERATIONS



Fiscal Year 2003

INTRODUCTION

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NOTE ON CONGRESSIONAL BUDGET JUSTIFICATION

This Congressional Budget Justification presents and justifies the President's FY 2003 request for Foreign Operations.

The introductory section of the document provides budget tables that summarize and detail the overall Foreign Operations request. It also includes the International Affairs Mission Statement identifying U.S. national interests and strategic goals.

The following two sections of the document provide full narrative justifications of the request – by appropriation account and by region. In addition to account overviews, the first section includes account tables and other tables as appropriate. The second section includes not only individual country pages, but also regional program pages.

The third section of the document provides extensive supporting information. This information includes, as a final item, country/account summaries. Often referred to as “all funds” or “spigots” tables, these summaries offer a quick overview of the request. For ready reference, these include bilateral numbers for P.L. 480 Title II food assistance, which is appropriated in the Agriculture bill and administered by the U.S. Agency for International Development.

The FY 2003 Congressional Budget Justification for Foreign Operations is also available electronically on the website of the Department of State (www.state.gov).

INTERNATIONAL AFFAIRS MISSION STATEMENT

The purpose of U.S. international leadership is to create a more secure, prosperous, and democratic world for the benefit of the American people. In an increasingly interdependent and rapidly changing world, international events affect every American. Successful U.S. leadership is essential for security at home, better jobs and a higher standard of living, a healthier environment, and safe travel and conduct of business abroad.

Under the direction of the President and the Secretary of State, the United States conducts relations with foreign governments, international organizations, and others to pursue U.S. national interests and promote American values. The international affairs goals of the United States are:

- National Security – Protect vital interests, secure peace, deter aggression, prevent and defuse crises, halt the proliferation of weapons of mass destruction, and advance arms control and disarmament.
- Economic Prosperity – Expand exports, open markets, maintain global growth and stability, and promote economic development.
- American Citizens and U.S. Borders – Protect American citizens abroad, manage the entry of visitors and immigrants, and safeguard the borders of the United States.
- Law Enforcement – Combat international terrorism, crime, and narcotics trafficking.
- Democracy and Human Rights – Support the establishment and consolidation of democracies and uphold human rights.
- Humanitarian Response – Provide humanitarian assistance to victims of crisis and disaster.
- Environment, Population, and Health – Improve the global environment, achieve a sustainable world population, and protect human health.

To advance the interests of the nation and the American people, the U.S. Government requires a strong international presence; highly qualified, motivated, and diverse people serving at home and abroad; extensive communication with publics, both foreign and domestic; and the political, military, and economic means to carry out the nation's foreign policies.

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FY 2003 Foreign Operations Request- Summary
(\$ in millions)

Budget Authority	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
FOREIGN OPERATIONS	14,982	15,353	16,137
Export-Import Bank (net)	906	767	601
Overseas Private Investment Corporation (net)	-206	-250	-227
Trade and Development Agency	50	50	45
Child Survival & Health Programs Fund	1,051	1,434	-
Global Fund to Fight AIDS, Tuberculosis, & Malaria	[100]	[100]	[100]
Development Assistance	1,274	1,178	2,740
International Disaster Assistance	299	236	236
Transition Initiatives	50	50	55
Development Credit Program	7	8	8
USAID Operating Expenses (OE)	543	561	586
USAID Capital Investment Fund	-	-	95
USAID Inspector General	28	33	34
Economic Support Fund (ESF)	2,315	2,224	2,290
Assistance for Eastern Europe and the Baltic States (SEED)	674	621	495
Assistance for the Independent States (FSA)	808	784	755
Peace Corps	267	278	320
Inter-American Foundation	12	13	14
African Development Foundation	16	17	17
International Narcotics Control and Law Enforcement (INCLE)	325	198	198
Andean Counterdrug Initiative	-	645	731
Migration and Refugee Assistance (MRA)	699	706	706
Emergency Refugee & Migration Assistance (ERMA)	15	15	15
Nonproliferation, Anti-terrorism, Demining, & Related Programs (NADR)	311	314	372
Treasury Technical Assistance	6	7	10
Debt Restructuring	447	229	-
International Military Education & Training (IMET)	58	70	80
Foreign Military Financing (FMF)	3,568	3,650	4,107
Peacekeeping Operations (PKO)	127	135	108
International Financial Institutions	1,144	1,175	1,437
International Financial Institutions Arrears	[10]	[-]	[178]
International Organizations & Programs (IO&P)	186	209	310
EMERGENCY RESPONSE FUNDS	5	1,408	-
Foreign Operations w/Emergency Response Funds	14,987	16,761	16,137

FY 2003 Foreign Operations Request - Detail
(\$ in thousands)

Appropriations	FY 2001 Actual ¹	FY 2002 Estimate /1	FY 2003 Request /1
FOREIGN OPERATIONS	14,981,612	15,352,869	16,136,550
Title I - Export and Investment Assistance	750,044	567,336	418,099
<u>Export-Import Bank</u>			
Export-Import Bank - Loan Subsidy	863,097	727,323	541,400
Export-Import Bank - Administrative Expenses	63,801	64,905	72,327
Export-Import Bank - Direct Loans, Negative Subsidies	(21,144)	(25,000)	(13,000)
Subtotal, Export-Import Bank	905,754	767,228	600,727
<u>Overseas Private Investment Corporation</u>			
Administrative Expenses for Credit & Insurance Programs	38,487	39,367	40,676
Net Offsetting Collections	(268,167)	(289,443)	(292,000)
Credit Funding - Direct & Guaranteed Loan Subsidies	23,947	-	24,000
Subtotal, Overseas Private Investment Corporation	(205,733)	(250,076)	(227,324)
Trade and Development Agency	50,023	50,184	44,696
Title II - Bilateral Economic Assistance	9,148,779	9,547,237	9,675,504
<u>U.S. Agency for International Development</u>			
Child Survival & Health Programs Fund	1,050,881	1,433,500	
Global Fund to Fight AIDS, Tuberculosis, & Malaria	[100,000]	[100,000]	[100,000]
Development Assistance (DA) /2	1,274,190	1,178,000	2,739,500
International Disaster Assistance	299,340	235,500	235,500
Transition Initiatives	49,890	50,000	55,000
Micro and Small Enterprise Development - Subsidy	1,497	-	-
Micro and Small Enterprise Development - Admin. Exp.	499	-	-
Development Credit Program Subsidy - By Transfer	[4,989]	[18,500]	-
Development Credit Program Subsidy - Appropriation	1,497	-	-
Development Credit Program Administrative Expenses	3,991	7,500	7,591
USAID Operating Expenses	543,160	560,659	586,087
USAID Capital Investment Fund	-	-	95,000
USAID Inspector General Operating Expenses	28,024	32,806	34,046
<u>Other Bilateral Economic Assistance</u>	3,797,452	3,629,000	3,540,000
Economic Support Fund (ESF) - with Fund for Ireland	2,314,896	2,224,000	2,290,000
Ass't for Eastern Europe and the Baltic States (SEED)	674,338	621,000	495,000
Assistance for the Independent States (FSA)	808,218	784,000	755,000
<u>Independent Agency</u>			
Peace Corps	267,275	278,043	320,228
Inter-American Foundation /2	12,147	13,290	14,185
African Development Foundation /2	16,080	16,680	16,689

FY 2003 Foreign Operations Request - Detail
(\$ in thousands)

Appropriations	FY 2001 Actual¹	FY 2002 Estimate /1	FY 2003 Request /1
<u>State Department</u>			
Int'l Narcotics Control and Law Enforcement (INCLE) /3	324,972	197,703	197,713
Andean Counterdrug Initiative /3	-	645,000	731,000
Migration and Refugee Assistance (MRA)	699,002	705,556	705,565
U.S. Emerg. Refugee and Migration Ass't Fund (ERMA)	14,967	15,000	15,000
Nonproliferation, Anti-terrorism, Demining (NADR)	310,914	313,500	372,400
<u>Department of the Treasury</u>			
Treasury Technical Assistance	5,987	6,500	10,000
Debt Restructuring	447,014	229,000	-
Title III - Military Assistance	3,752,842	3,855,000	4,295,450
International Military Education and Training (IMET)	57,748	70,000	80,000
Foreign Military Financing (FMF)	3,568,373	3,650,000	4,107,200
Peacekeeping Operations (PKO)	126,721	135,000	108,250
Title IV - Multilateral Economic Assistance	1,329,947	1,383,296	1,747,497
<u>International Financial Institutions</u>			
Global Environment Facility	107,762	100,500	177,813
International Development Association	773,295	792,400	874,338
Multilateral Investment Guarantee Agency	9,978	5,000	3,631
Asian Development Fund	71,842	98,017	147,386
African Development Fund	99,780	100,000	118,073
African Development Bank	6,087	5,100	5,104
European Bank for Reconstruction & Development	35,700	35,779	35,805
Inter-American Development Bank Multilateral Investment Fund	9,978	-	29,591
Inter-American Investment Corporation	24,945	18,000	30,352
International Fund for Agricultural Development	4,989	20,000	15,004
International Financial Institutions Arrears	[10,477]	[-]	[177,718]
International Organizations & Programs (IO&P)	185,591	208,500	310,400
EMERGENCY RESPONSE FUND	5,075	1,408,100	-
Export-Import Bank - Administrative Expenses	75	-	-
Peace Corps	2,600	3,900	-
USAID Operating Expenses	2,400	15,000	-
Economic Support Fund (ESF)	-	600,000	-
Int'l Narcotics Control and Law Enforcement (INCLE)	-	73,000	-
Migration and Refugee Assistance (MRA)	-	100,000	-
International Disaster Assistance	-	146,000	-
Treasury Technical Assistance	-	3,000	-

FY 2003 Foreign Operations Request - Detail
(\$ in thousands)

Appropriations	FY 2001 Actual^{/1}	FY 2002 Estimate /1	FY 2003 Request /1
Nonproliferation, Anti-terrorism, Demining (NADR)	-	155,700	-
Foreign Military Financing (FMF)	-	45,000	-
Assistance for the Independent States (FSA)	-	46,500	-
Peacekeeping Operations (PKO)	-	220,000	-

Notes:

/1 - The FY 2003 budget request charges full costs for federal employees' retirement pensions and health care benefits in accounts with administrative expenses. Comparable costs have been added to the FY 2001 and FY 2002 account levels.

/2 - FY 2001 funding for the Inter-American and African Development Foundations was appropriated in the Development Assistance (DA) account. These amounts have been subtracted from DA and reflected in the respective accounts.

/3 - Reflects transfer of \$20 million from INCLE to ACI for FY 2002.

I. REQUEST BY APPROPRIATION ACCOUNT

Export and Investment Assistance
Bilateral Economic Assistance
Military Assistance
Multilateral Economic Assistance

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EXPORT AND INVESTMENT ASSISTANCE

Export-Import Bank of the United States
Overseas Private Investment Corporation
Trade and Development Agency

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Export-Import Bank
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
EXIM-Admin	63,801	64,905	72,327
EXIM-Dir Loan	(21,144)	(25,000)	(13,000)
EXIM-Loan Act	863,097	727,323	541,400
ERF-EXIM	75	0	0

The Export-Import Bank is chartered by Congress by the Export-Import Bank Act of 1945, as amended. The mission of the Bank is to sustain and increase jobs in the United States by financing the exports of U.S. goods and services that would otherwise not go forward. Its authority and resources allow U.S. exporters to meet foreign officially sponsored export credit competition. The Bank assumes commercial and political risks that U.S. exporters or private sector institutions are unable to undertake, overcomes limitations in private sector export financing, and provides leadership and guidance in export financing to the U.S. exporting and banking communities and to foreign buyers. In FY 2001, Ex-Im supported \$12.5 billion in exports to the fastest growing markets in the world.

The Bank's direct credit program addresses situations in which the private sector is unable to offer financing for U.S. capital goods exports on sufficiently competitive terms. Through this program the U.S. Government attempts to ensure that American exporters do not suffer widespread losses of export sales as a result of subsidized financing offers by other governments to their exporters. When the Bank targets its resources on those export transactions that face subsidized foreign credit competition, it permits foreign buyers' purchase decisions to be based on market factors (price, technology, service) as opposed to a non-market factor (the availability of subsidized credit from a foreign government). To the extent that Ex-Im's activities allow market forces to determine purchase decisions, the Bank helps to maintain the optimal level of U.S. productivity by ensuring that U.S. capital goods industries operate at market-determined (not foreign government-determined) output levels.

The Bank increases private financial participation in U.S. export sales by guaranteeing or insuring banks and exporters against certain commercial and political risks of nonpayment involved in export transactions. Since financing is a critical element in many export sales, the guarantee and insurance programs help exporters increase their export sales through increased availability of financing from private capital markets.

The Bank's exporter insurance program encourages additional exports by overcoming financing and risk perception constraints. It provides risk protection for those exports which require short-term (up to 180 days) and medium-term (up to five years) credit terms and for which private sector credit insurance is not available. Because the capacity of the private sector to offer export credit insurance is limited at the present time, Ex-Im can play an important role in this area, particularly with regard to small and medium-size businesses.

For FY 2003, direct loan authorizations are estimated to be \$105 million with a program budget usage of \$6 million, and guarantee and insurance authorizations are estimated to be \$11,321 million with program usage of \$625 million. Net of cancellations of prior year obligations of \$90 million, the Bank's program request is \$541 million. In addition, it is estimated that Tied Aid authorizations will be \$74 million, using \$25 million of program budget from the Tied Aid War Chest fund.

The FY 2003 budget proposes a 26 percent decrease in program resources, for the most part to reflect lower estimates of international lending risk. Within the proposed program budget, the Bank can sustain U.S. jobs by providing support for exporters facing subsidized competition. This can be accomplished through policy

changes and increased targeting of Ex-Im support on exporters who cannot obtain private sector financing when competing with foreign subsidies.

Funding at the requested administrative expense level will enable the Bank to provide necessary services to the exporting community on a timely basis, increase debt collection efforts, process claim payments expediently, and attempt recoveries of those payments to the fullest extent possible. It will also allow the Bank to provide thorough portfolio and risk analysis on a regular basis, reach new exporters, and expand small business awareness of export potential.

Full administrative funding is essential if the Bank is to fulfill its Congressional mandate to preserve jobs here in the United States by helping exporters compete in the world market place. Decreased processing time, increased debt collection efforts, expeditious processing of claim payments, better portfolio and risk analysis, and reaching new exporters are all dependent on sufficient personnel, personnel training, and upgrading of equipment.

Overseas Private Investment Corporation
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
OPIC-Admin	38,487	39,367	40,676
OPIC-CF	23,947	0	24,000
OPIC-NOC	(268,167)	(289,443)	(292,000)

The Overseas Private Investment Corporation (OPIC) contributes to U.S. strategic economic goals by promoting U.S. private investment in developing and transitional economies, thereby stimulating economic growth. OPIC's political risk insurance and financing help U.S. businesses of all sizes invest in 140 emerging markets and developing nations worldwide. The agency makes developmental projects possible by bridging gaps when sufficient financing and political risk insurance are not available from the private sector, by leveraging resources so that additional private sector and multilateral institution dollars are attracted to the projects, and by using its unique position to mitigate project risk.

In fulfilling its mission to mobilize and facilitate the participation of U.S. private capital in economic development, OPIC places emphasis on countries and regions that have been identified as foreign policy priorities. OPIC's on-going activities support private investment in regions such as Africa, the NIS, Central America, and the Balkans. In addition, OPIC is working to provide investment support in Pakistan, Afghanistan, Indonesia, and other strategic countries in need of the development benefits of private investment.

OPIC's policy of making good corporate citizenship a key element of responsible risk management contributes to two other U.S. strategic goals: opening political systems and societies to democratic practices, the rule of law, good governance, and respect for human rights; and securing a sustainable global environment in order to protect the United States and its citizens from the effects of international environmental degradation. OPIC urges investors to avoid significant problems by adhering to recognized labor and environmental standards and anti-corruption laws. Projects are encouraged to play a positive role in host communities by recruiting and training local citizens for professional and management positions, responding to local education and health needs, and maintaining transparency through community outreach programs. While each project has the flexibility to address its corporate citizenship role in the most appropriate manner, OPIC will continue to ensure that the projects it supports meet its core statutory requirements.

Ultimately, good corporate citizenship is a long-term risk mitigation strategy that serves OPIC, the investor, and the host country equally well. An example of such corporate citizenship is a power plant in North Africa that OPIC has helped finance since 1996. Besides generating (on any given day) up to half of the electricity in its host country, this plant has built and supported several schools and provided community access to its ambulance and medical facility. The power plant also sets the standard in the host country in its treatment of waste. Far from being an exception, the civic involvement of the plant is fairly typical of the efforts made by large OPIC-supported infrastructure projects in their host communities.

Since 1971, OPIC has supported more than 3,000 projects throughout the developing world. As of September 30, 2001, OPIC managed a portfolio of 133 active finance projects and 253 active insurance contracts. OPIC's products support developmental investments in locations from Algeria to Zimbabwe. Project activities are diverse and include manufacturing plants, communications operations, gas pipelines, power plants, financial services institutions, mining operations, tourism/hotel projects, and agricultural operations ranging from a shrimp farm in Ecuador to a wheat/corn mill in Mozambique.

Over the agency's 31-year history, OPIC has supported \$138 billion worth of investments that have helped developing countries to generate over \$10 billion in host-government revenues and create early 668,000 host-country jobs. OPIC's projects have also generated \$63 billion in U.S. exports and supported nearly 250,000 American jobs. The 37 new insurance and finance projects OPIC supported in FY 2001 are expected to provide significant benefits for U.S. exports, balance of payments, and employment. During the first five years of operation, the projects will generate an estimated 16,000 person-years of direct and indirect employment for U.S. workers, equivalent to approximately 3,200 U.S. jobs. American firms will supply a substantial portion of the initial procurement for OPIC's projects, resulting in U.S. exports of capital goods and services of approximately \$1 billion during the next five years.

OPIC's authorizing legislation directs the agency to pay special attention to the needs of American small businesses [Foreign Assistance Act of 1961, as amended, Title IV, Sec. 231 (e)]. Of the 37 new OPIC-supported projects, approximately 57 percent (21 projects) involved American small businesses. While this is an achievement, OPIC has yet to fulfill its potential in this area, particularly in regard to supporting businesses on the lower end of OPIC's small business definition. In the coming months, OPIC will reexamine its small business definition in an objective manner with a view to lowering the threshold level. Moreover, OPIC's management and staff are committed to improving the access of U.S. small businesses to OPIC's programs. To do so, OPIC will streamline its application process and publicize its political risk insurance and finance products.

One particular avenue that needs to be explored is the extent to which OPIC can complement or even leverage the work of the U.S. Small Business Administration (SBA). While the SBA is a great resource for small businesses seeking to establish themselves or expand in the United States, the SBA's ability to provide assistance ends at the border. OPIC, therefore, has the opportunity to partner with the SBA in a mutually beneficial manner that would advance both agencies' missions. Most importantly, such cooperation would greatly assist American small businesses seeking to establish a presence in developing regions. Small businesses often do not meet the profile that private sector financial institutions and insurers are looking for in their overseas clients. This is where the development goals of the U. S. Government, the needs of small business, and OPIC's programs intersect. With OPIC's assistance, the dynamism of U.S. small businesses can be mobilized to produce viable projects in the developing world.

OPIC contributes to these important U.S. goals at home and abroad while operating on a self-sustaining basis, at no net cost to the American taxpayer. OPIC does not get direct appropriations, but instead receives authority to spend its own earnings. These earnings are also the basis for OPIC's contribution (in the form of net negative budget authority) to the International Affairs budget. For FY 2003, this contribution is estimated to be \$227 million.

To continue this self-sustaining approach to government in FY 2003, OPIC requests the authority to spend \$40.7 million of its revenues for administrative expenses. The total includes \$39.9 million for baseline administrative needs and \$0.8 million as part of a government-wide change that corrects a long-standing understatement of Federal retiree costs. In addition, in FY 2003 OPIC requests \$24 million in credit funding to support an estimated \$800 million of direct loans and loan guarantees. The \$24 million request is a return to the level authorized for FY 2001. The zero request for credit funding in FY 2002 was a one-time budgetary adjustment due to the availability of carry-over funding from appropriated FY 2001 amounts and other funds. In FY 2003, new credit funding authority will be critical to OPIC's finance program.

Trade and Development Agency
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
TDA	50,023	50,184	44,696

The Trade and Development Agency (TDA) connects U.S. businesses with overseas development projects. In doing so, TDA promotes expanded exports, thereby creating American manufacturing jobs and contributing to the nation's economic prosperity. TDA also provides economic development assistance to low- and middle-income nations. This assistance increases global growth and stability and frequently helps in securing a sustainable global environment and protecting human health.

TDA's key goals and objectives are: leveling the playing field against foreign firms that receive subsidies and other government support; supporting U.S. policy in critical nations and regions; increasing foreign access to American expertise; and assisting U.S. firms, especially small and medium-sized enterprises, to participate in the international arena.

TDA promotes American job creation by assisting U.S. firms pursuing overseas business opportunities. Through funding feasibility studies, orientation visits, specialized training grants, business workshops, and various forms of technical assistance both project-specific and sectoral, TDA helps American firms compete for infrastructure development projects in emerging markets.

The proposed FY 2003 budget will allow TDA to:

- Support U.S. foreign policy interests in specific countries and regions and within multinational efforts. For example, TDA awarded \$5.5 million for five projects in China immediately following the visit of the Secretary of State to that country in July 2001. TDA supports other U.S. interests such as advancing the cause of environmental protection by aggressively promoting U.S. involvement in environmental projects that both support U.S. development policy and promote U.S. exports. Additionally, TDA uses transfer funds from the U.S. Agency for International Development to support work in Eurasia and Southern and Eastern Europe that furthers the long-term American foreign policy goal of promoting economic stability in those regions.
- Spearhead U.S. Government trade and foreign policy as new opportunities arise. For example, TDA's flexibility, small size, and experience provide the resources necessary to participate actively in reconstruction activities in the front-line states. TDA has strong infrastructure planning experience around the world, including work with devastated or weak economies, as in the Balkans and the NIS in the 1990s. Additionally, with its commercial focus, TDA supports activities that assist our trading partners in making structural and regulatory changes necessary to provide an open and even playing field for U.S. companies. TDA also targets its efforts in areas of particular Administration interest, such as Africa and Russia.
- Provide policy support for U.S. Government initiatives. TDA is able to fund projects and provide technical assistance related to implementation of international trade and development initiatives like the African Growth and Opportunity Act (AGOA), the U.S.-Mexico Partnership for Prosperity, and various free trade agreements. TDA's active involvement with trade capacity building initiatives on the part of the U.S. Trade Representative, the Department of State, and the National Security Council, as well as in multilateral fora such as the World Bank, provides the same potential benefits.

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BILATERAL ECONOMIC ASSISTANCE

United States Agency for International Development
Other Bilateral Economic Assistance
Independent Agency
Department of State
Department of the Treasury

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UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT

Program Overview
Development Assistance
Development Assistance Detail
Child Survival and Disease/Health Programs Fund
International Disaster Assistance
Transition Initiatives
Development Credit Program
USAID Operating Expenses
USAID Capital Investment Fund
USAID Office of the Inspector General

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United States Agency for International Development
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
USAID	3,252,969	3,497,965	3,752,724
ERF-USAID	2,400	161,000	0

Even before September 11, the interests of the United States in the developing world had changed. They had become more pressing and more relevant to overall U.S. economic and security interests as globalization, terrorism, and world economic growth occupied the agenda. The challenges of this new era center on promoting good governance and managing conflict across the globe, as well as erasing illiteracy and stemming the spread of infectious disease.

At a time when a large measure of public resources must necessarily be directed toward immediate security concerns, a well-focused and economical foreign assistance program can help anchor the longer-term future that our diplomacy and military action have delivered but not yet secured. While no program transferring resources or skills can promise a world free from threats such as terrorism, a world without sustainable development for hundreds of millions of people remains a world susceptible to extremism.

The U. S. Agency for International Development (USAID), through its programs and staff in developing and transition countries, contributes directly to U.S. national security goals by:

- Fighting hunger and poverty, and promoting prosperity and sustainable management of the world's natural resources.
- Improving health, especially by addressing the devastating effects of HIV/AIDS and other infectious diseases.
- Strengthening the quality of democratic governance, and reducing the sources of conflict.
- Responding to international disasters and delivering humanitarian assistance to countries facing crises.

Program Pillars and Priorities

USAID structures its program around four pillars: (1) Economic Growth, Agriculture, and Trade, including the important sectors of the environment and education; (2) Global Health, including infectious diseases, child survival, and family planning; (3) Democracy, Conflict, and Humanitarian Assistance; and (4) the Global Development Alliance, USAID's new business model for the 21st century.

The FY 2003 budget request addresses priority issues within these pillars. USAID has increased efforts in conflict prevention, good governance, and fighting corruption. To build and protect a productive workforce, the request includes more funding to fight HIV/AIDS, a disease that attacks the most productive segments of society, the nascent middle class, and particularly the teachers, health care workers, and public servants of developing countries. USAID plans to launch an initiative in Africa to cut hunger through agricultural development. The Agency has increased the request for education by 65 percent over the last two years. It is also building trade and investment programs, such as those pursuant to the African Growth and Opportunity Act, that focus on creating policy environments and institutional capacity to allow African nations to enter the global economy. Finally, USAID plans to increase its efforts in central and south Asia to enhance the peace and stability of a region critical to the war against terrorism.

The FY 2003 overall request for USAID's directly managed programs, including food aid, totals \$3.8 billion. This figure excludes USAID's accounts for operating expenses, as well as funding for programs jointly managed with the Department of State.

Economic Growth, Agriculture, and Trade

The FY 2003 request for USAID's first program pillar is \$1.111 billion.

Assistance provided under this pillar will work towards creating economies that are viable over the long term. Programs will integrate growth, agriculture, and environmental objectives and concerns to allow "market forces" to play an increasingly important role in our strategic approach and in determining a program's long-term viability. Activities funded will assist the productive sectors, especially agriculture; the environment and energy sectors; human capacity development (including basic education); microenterprises; and improvement of the business, trade, and investment climate. The interrelationship and interdependence of economic growth, environmental sustainability, and the development of a country's human capital will be highlighted in this pillar.

- Given the importance of agriculture and of basic education – especially for girls and women – in most recipient countries, USAID plans to increase its emphasis in these sectors. Under the Development Assistance account, USAID plans to fund agriculture at \$260.5 million (compared to the FY 2002 level of \$200.4 million) and basic education at \$165 million (compared to the FY 2002 level of \$150 million).
- Projected funding for these two programs from other accounts co-managed with the Department of State – the Economic Support Fund (ESF), Assistance for Eastern Europe and the Baltic States (SEED), and Assistance for the Independent States of the Former Soviet Union (FSA) – would bring the total FY 2003 level for agriculture up to \$440.6 million and the basic education level to \$197.3 million.

Global Health Pillar

The FY 2003 request for the second pillar is \$1.374 billion. This compares to a figure of \$1.313 billion in FY 2002. (Both figures exclude \$120 million in transfers to UNICEF.)

Under this pillar, USAID groups its programs related to maternal and child health, nutrition, family planning, and many of the related transnational issues confronting the United States, such as HIV/AIDS and other infectious diseases. The request includes a major initiative to combat HIV/AIDS and other infectious diseases, mainly malaria and tuberculosis, which have significant public health impact.

Child survival interventions target the major childhood killers, including vaccine-preventable diseases (e.g., polio), diarrheal disease, malnutrition, acute respiratory infections, and malaria. USAID programs continue an aggressive effort to eliminate vitamin A and other micronutrient deficiencies. Maternal health activities aim to reduce maternal deaths and adverse outcomes as a result of pregnancy and childbirth. In family planning, USAID programs seek to promote family health and allow couples to achieve their desired family size. For HIV/AIDS and infectious diseases, USAID will aggressively promote public/private partnerships and provide technical leadership for programs at the national and grassroots levels.

Funding for Global Health programs is being requested under the Development Assistance account in FY 2003, rather than under the separate Child Survival and Health Programs Fund appropriated in FY 2002, to more clearly display the integration of the three program pillars.

- The Global Health request for HIV/AIDS funding has increased from \$395 million in FY 2002 to \$500 million in FY 2003 to address this major public health issue more effectively. The total amount available for HIV/AIDS from all appropriated accounts – including ESF, SEED, and FSA – is expected to be \$640 million, including funding through the Global Fund.
- The remaining \$874 million under the Development Assistance account is proposed for child survival and other global health activities. These funds would support efforts to improve maternal and child health and nutrition; help reduce infant and child mortality; and support programs that promote family health and allow couples to achieve their desired family size. The total amount available for family planning from all appropriated accounts is \$425 million.

Democracy, Conflict, and Humanitarian Assistance

The FY 2003 request for USAID's third program pillar totals \$1.7 billion, including food assistance. The comparable figure for FY 2002 is \$1.282 billion. (Both figures include P.L. 480 Title II, at \$1.185 billion and \$850 million respectively).

Recent terrorist actions have made programs under this pillar a high priority. Given the rising number of collapsed states and internal conflicts in the post-Cold War period, some of which have become focal points of U.S. foreign policy, USAID will undertake a major new conflict prevention, management, and resolution initiative. This initiative integrates USAID's democracy programs with new approaches to anticipating crisis, conflict analysis, comprehensive assessment, and providing new methodologies to assist conflicting parties resolve their issues peacefully. This initiative will also address on-going efforts to integrate foreign policy and foreign assistance in a way that accommodates both short-term operational and longer-term structural prevention needs. These new approaches will necessarily involve strategic alliances with institutions such as the U.S. Institute for Peace, the U.S. military, indigenous religious institutions dedicated to conflict prevention and resolution, and PVOs with conflict management expertise. There will be continuing close coordination with the U.S. foreign affairs community, especially the Department of State, in this area.

USAID continues to stand at the forefront of agencies around the world in its ability to respond to man-made and natural disasters. Requested funding will enable the Agency to maintain its unique capability to provide needed help rapidly when international emergencies occur.

- USAID accounts included in this pillar are Development Assistance, International Disaster Assistance, Transition Initiatives, and P.L. 480 Title II food assistance (which falls under the Subcommittee on Agriculture and is appropriated through the U.S. Department of Agriculture and managed by USAID). When projected funding from other accounts that USAID co-manages with the State Department is added, the FY 2003 level for this pillar will reach almost \$2.5 billion.
- International Disaster Assistance deals complex emergencies and natural disasters.
- Transition Initiatives funds programs to meet challenges in conflict-prone countries and those making the recovery from crisis.
- Development Assistance funds programs for democracy and local governance, conflict, and human rights.

Global Development Alliance

USAID plays a critical role within the foreign affairs community, which is led by the Secretary of State. The Agency possesses unparalleled long-term experience with, and access to, host-country governments. Thus, it is in a unique position to play a catalyzing, integrating, coordinating, and facilitating role in the context of a public-private alliance among U.S. development assistance actors.

The Global Development Alliance (GDA) is a fundamental reorientation in how USAID sees itself in the context of international development assistance, in the Agency relates to its traditional partners, and in how it seeks out and develop alliances with new partners. USAID will use its resources and expertise to assist strategic partners in their investment decisions and will stimulate new investments by bringing new actors and ideas into the overseas development arena.

In order to launch the GDA, a special, temporary unit has been established to expand outreach to private sector (for-profit and not-for-profit) organizations, with a view toward fully integrating GDA into the three program pillars and normal USAID business practices not later than FY 2004.

Meeting the Management Challenge

Helping people in the developing world through effective assistance requires a transparent, agile, and skillful organization.

It must have adequate security to safeguard employees frequently working in difficult situations. We are focused on performance-based management to ensure that every tax dollar will be spent wisely, leveraging the Agency's funds to help build local capacity and attract private investment.

What today's challenges demand of USAID in Washington is fundamental management reforms in key areas and an organizational structure that can bring necessary technical expertise to bear on problems in the field in a flexible and efficient manner. USAID is aggressively implementing needed organizational and management changes.

USAID must also ensure that necessary investments to enhance security are made at all Agency locations, especially those that are high threat.

In addition to managing the accounts and programs discussed below in this section of the Congressional Budget Justification, USAID manages programs under other accounts jointly administered with the State Department. Those accounts – ESF, SEED, and FSA – address most of the same objectives noted above.

Development Assistance
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
DA	1,274,190	1,178,000	2,739,500

For FY 2003, the Administration proposes that Development Assistance and the Child Survival and Health Programs Fund be merged into a single Development Assistance account (DA). This step is part of an effort to simplify and streamline the budget account structure government-wide. It is not intended to have a negative impact on the budget levels for health programs, as the funding requested in FY 2003 for Global Health demonstrates.

DA addresses most of the U.S. strategic goals for international assistance: Open Markets, U.S. Exports, Global Growth and Stability, Economic Development, Democracy and Human Rights, Humanitarian Assistance, Environment, Population, and Health.

The Administration's FY 2003 request for DA includes funding for the three program pillars, plus a limited amount for the Global Development Alliance. DA is directed primarily to Africa, Asia, and Latin America, as well as to global programs.

Economic Growth, Agriculture, and Trade

The DA request for this program pillar totals \$1.111 billion.

- Business, trade, and investment programs (\$317 million) will help expand and strengthen private markets and provide access to economic opportunity for the rural and urban poor. DA programs for food security (\$260.5 million) will promote more rapid and enhanced agricultural development; funding will encourage institutional reforms, provide technology, especially for small farmers, and support microenterprise lending.
- Basic education programs (\$165 million) will strengthen pre-primary, primary, and secondary education and teacher training. Efforts are focused primarily in Africa, but also include targeted work in Asia, the Near East, and Latin America. DA will also fund programs for higher education and adult literacy (\$60.5 million).
- Environmental programs (\$308 million) will reduce the threat of global climate change, conserve biological diversity, provide for sustainable urbanization and pollution control, increase environmentally sound energy services, and promote management of natural resources.

Global Health

The DA request for the second pillar – the largest under the DA account – totals \$1.374 billion.

Global Health programs support the U.S. foreign assistance objectives of protecting peoples' health and reducing the spread of infectious diseases. These DA-funded programs are important forerunners of efforts to support economic growth and stability. They strengthen in-country systems and capacity to deliver health services, as well as to prevent and monitor health problems.

- Child survival and maternal health programs (\$282.5 million) focus on improving infant and child health and survival and reducing deaths and adverse outcomes due to pregnancy and childbirth.

- Programs for vulnerable children (\$13 million) will reach displaced children, orphans, and blind children. Funding for children affected by HIV/AIDS is included in the HIV/AIDS level.
- HIV/AIDS assistance (\$500 million) is aimed at expanding primary prevention efforts, improving community and home-based care, increasing support for those sick and dying of AIDS, helping AIDS orphans affected by HIV/AIDS, and reducing the risk of mother-to-child transmission.
- Other infectious disease programs (\$110 million) include improving control of tuberculosis, reducing the deaths due to malaria, reducing the spread of antimicrobial resistance, and improving surveillance and response capacity.
- Funding for the Global Fund (\$100 million) includes additional funding for HIV/AIDS, as well as tuberculosis and malaria.
- Family planning and reproductive health programs (\$368.5 million) will help expand access to information and services regarding family planning practices. Such access will reduce unintended pregnancies, improve infant and child health, reduce their mortality rates, and decrease maternal deaths associated with childbirth. These programs are integrated with programs that protect human health.

Democracy, Conflict, and Humanitarian Assistance

The DA request for the third program pillar totals \$224.9 million.

In the area of conflict prevention, democracy and local governance programs will strengthen the rule of law and respect for human rights, encourage credible and competitive political processes, promote the development of politically active civil society, and make government institutions more transparent and accountable. A new initiative will integrate the existing democracy programs with new approaches in dealing with conflict resolution, including programs that address the economic causes of conflict.

Development Assistance
(\$ in thousands)

	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
Africa			
Africa Regional	52,787	116,172	135,061
Agriculture Initiative	-	5,000	20,000
Angola	2,676	3,758	7,400
Anti-Corruption Initiative	-	300	7,500
Benin	3,723	7,862	12,261
Burundi	-	3,000	4,000
Democratic Republic of Congo	4,788	3,965	21,500
Education for Development and Democracy	13,581	17,000	22,000
Eritrea	5,603	5,538	8,519
Ethiopia	14,561	19,445	50,054
Ghana	19,858	15,063	39,743
Greater Horn of Africa Initiative	11,350	10,383	27,288
Guinea	9,168	12,942	20,725
Initiative for Southern Africa	1,251	17,367	24,731
Kenya	19,927	12,347	46,693
Liberia	5,720	3,225	5,200
Madagascar	15,183	9,240	17,528
Malawi	13,150	13,028	30,877
Mali	22,054	19,435	32,961
Mozambique	31,469	21,681	45,492
Namibia	5,498	6,258	5,480
Nigeria	30,941	18,548	66,235
Rwanda	6,997	5,311	18,173
Senegal	13,375	13,350	28,380
Sierra Leone	3,116	3,417	3,868
Somalia	2,500	2,467	2,900
South Africa	32,665	33,849	62,428
Sudan	3,500	10,881	22,300
Tanzania	10,378	8,124	32,936
Trade Initiative	15,250	5,000	15,000
Uganda	19,198	22,724	62,944
West Africa Regional	17,246	5,798	31,521
Zambia	10,255	11,822	50,285
Zimbabwe	6,384	1,700	18,108
Subtotal - Africa	424,152	466,000	1,000,091

Development Assistance
(\$ in thousands)

	FY 2001	FY 2002	FY 2003
	Actual	Estimate	Request
East Asia and the Pacific			
Burma	993	-	-
Cambodia	-	-	22,500
Indonesia	51,483	38,704	71,472
Laos	-	1,000	2,000
Philippines	30,334	24,459	50,659
Thailand	-	750	3,250
Vietnam	2,999	6,950	12,456
Subtotal - East Asia and the Pacific	85,809	71,863	162,337
International Organizations			
International Organizations/Partnerships	-	-	256,356
Subtotal - International Organizations	-	-	256,356
Near East			
Lebanon	600	600	500
Morocco	5,685	5,713	6,713
Subtotal - Near East	6,285	6,313	7,213
South Asia			
Afghanistan	-	10,000	-
Bangladesh	42,050	21,870	57,220
India	28,805	29,200	75,185
Nepal	11,858	7,597	31,696
Pakistan	-	10,000	50,000
Sri Lanka	3,399	5,150	6,050
Subtotal - South Asia	86,112	83,817	220,151
Western Hemisphere			
Bolivia	25,098	12,053	30,547
Brazil	7,318	3,930	17,537
Caribbean Regional	-	-	15,750
Centers for Educational Excellence	-	3,000	3,000
Central American Regional Development	9,030	8,142	26,927
Dominican Republic	8,800	6,450	19,409
Ecuador	8,184	6,855	7,130
El Salvador	31,807	44,880	33,724
Guatemala	16,937	12,320	26,691
Guyana	3,800	3,100	3,180
Haiti	-	-	25,000
Honduras	16,789	15,430	35,096

Development Assistance
(\$ in thousands)

	FY 2001	FY 2002	FY 2003
	Actual	Estimate	Request
Jamaica	7,685	9,471	15,980
LAC Regional	27,284	47,466	47,274
Mexico	7,885	6,915	18,276
Nicaragua	16,390	16,152	27,258
Panama	3,700	4,500	7,000
Paraguay	6,320	3,600	6,625
Peru	28,488	14,173	40,601
Regional Partnership for Prosperity	-	10,000	10,000
Subtotal - Western Hemisphere	225,515	228,437	417,005
Global			
Asia-Near East Regional	44,601	49,107	74,547
Democracy, Conflict & Humanitarian Assistance	-	58,000	100,100
Economic Growth, Agriculture and Trade	-	152,900	154,800
Global Development Alliance	-	20,000	30,000
Global Health	-	3,800	304,800
Global Programs, Field Support & Research	324,536	-	-
Humanitarian Response	65,826	-	-
Policy Initiatives	6,706	31,363	-
Program & Policy Coordination	4,648	6,400	12,100
Subtotal - Global	446,317	321,570	676,347
Total	1,274,190	1,178,000	2,739,500

Child Survival and Disease/Health Programs Fund
(\$ in thousands)

	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
Africa			
Africa Regional	36,677	37,822	-
Angola	7,287	6,975	-
Benin	10,158	6,738	-
Burundi	-	500	-
Democratic Republic of Congo	15,337	17,328	-
Education for Development and Democracy	2,094	-	-
Eritrea	4,516	4,800	-
Ethiopia	26,086	26,507	-
Ghana	15,419	19,455	-
Greater Horn of Africa Initiative	5,514	12,075	-
Guinea	9,354	5,650	-
Kenya	13,272	27,763	-
Liberia	1,850	2,000	-
Madagascar	4,185	8,975	-
Malawi	14,862	15,615	-
Mali	12,433	13,321	-
Mozambique	12,953	19,277	-
Namibia	4,383	500	-
Nigeria	23,363	37,066	-
Rwanda	7,167	10,300	-
Senegal	10,366	14,405	-
Sierra Leone	1,884	325	-
Somalia	500	500	-
South Africa	17,362	20,625	-
Sudan	1,000	500	-
Tanzania	10,725	16,700	-
Uganda	30,680	34,150	-
West Africa Regional	11,367	21,048	-
Zambia	26,838	30,830	-
Zimbabwe	6,438	9,473	-
Subtotal - Africa	344,070	421,223	-

Child Survival and Disease/Health Programs Fund
(\$ in thousands)

	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
East Asia and the Pacific			
Burma	2,000	-	-
Cambodia	9,420	15,000	-
Indonesia	19,580	35,568	-
Laos	-	1,000	-
Philippines	9,450	25,599	-
Thailand	-	1,000	-
Vietnam	2,494	4,106	-
Subtotal - East Asia and the Pacific	42,944	82,273	-
Europe and Eurasia			
Central and Eastern European Regional	770	-	-
Kazakhstan	200	-	-
Regional FSA	550	-	-
Russia	3,543	-	-
Ukraine	1,019	-	-
Uzbekistan	700	-	-
Subtotal - Europe and Eurasia	6,782	-	-
International Organizations			
International Organizations/Partnerships	209,758	297,250	-
Subtotal - International Organizations	209,758	297,250	-
Near East			
Morocco	4,902	4,600	-
Subtotal - Near East	4,902	4,600	-
South Asia			
Afghanistan	-	2,000	-
Bangladesh	15,500	39,950	-
India	24,593	41,678	-
Nepal	9,250	20,000	-
Pakistan	-	5,000	-
Sri Lanka	300	300	-
Subtotal - South Asia	49,643	108,928	-
Western Hemisphere			
Bolivia	6,598	19,410	-
Brazil	7,883	8,700	-
Caribbean Regional	1,497	4,000	-
Central American Regional Development	3,692	4,750	-

Child Survival and Disease/Health Programs Fund
(\$ in thousands)

	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
Dominican Republic	6,385	9,532	-
El Salvador	14,557	14,822	-
Guatemala	6,905	15,350	-
Guyana	798	1,000	-
Honduras	8,936	13,070	-
Jamaica	4,116	2,821	-
LAC Regional	14,780	11,765	-
Mexico	5,987	5,500	-
Nicaragua	7,006	8,170	-
Paraguay	-	2,525	-
Peru	9,603	23,200	-
Subtotal - Western Hemisphere	98,743	144,615	-
Global			
Asia-Near East Regional	13,044	16,227	-
Democracy, Conflict & Humanitarian Assistance	-	27,193	-
Global Health	-	322,241	-
Global Programs, Field Support & Research	237,657	-	-
Humanitarian Response	31,618	-	-
Policy Initiatives	8,646	3,550	-
Program & Policy Coordination	3,074	5,400	-
Subtotal - Global	294,039	374,611	-
Total	1,050,881	1,433,500	-

International Disaster Assistance
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
IDA	299,340	235,500	235,500
ERF-IDA	0	146,000	0

International Disaster Assistance (IDA) funds humanitarian programs that provide relief, rehabilitation, and reconstruction assistance to victims of natural and man-made disasters. Until FY 2001, this account also funded transition assistance, which now is appropriated separately. Funds in this account support USAID's Democracy, Conflict, and Humanitarian Assistance pillar.

IDA program objectives are to: (1) meet the critical needs of targeted vulnerable groups in emergency situations; (2) increase adoption of disaster prevention and mitigation measures in countries at risk of natural disasters; and (3) enhance follow-on development prospects in priority, post-conflict countries.

To accomplish these objectives, USAID has a well-established management structure and is staffed with disaster relief experts who draw on public and private sector resources to respond within hours following a disaster declaration. USAID deploys assessment teams to identify needs and disaster assistance response teams to coordinate emergency responses and facilitate information flows. USAID also provides search and rescue teams, ground operations teams, medical assistance, shelter, potable water, sanitation assistance, and emergency and therapeutic feeding.

Effective humanitarian assistance requires that relief, mitigation, transition, and development programs within USAID support each other. USAID collaborates with other assistance providers in the international community to coordinate programs and share the burden of relief costs. U.S. private voluntary organizations (PVOs) and non-governmental organizations (NGOs) are critically important partners in these efforts and play an essential role in raising resources, providing assistance, and implementing programs in the field.

Pursuant to Section 493 of the Foreign Assistance Act of 1961, as amended, the President has designated the USAID Administrator as Special Coordinator for International Disaster Assistance. USAID works closely with the Departments of State and Defense to coordinate American relief efforts. In many disaster situations, 24-hour, daily coverage is provided to ensure a speedy and appropriate response and the transmission of accurate information between the disaster site and participating USG agencies. Satellite communication equipment augments USAID's ability to target emergency assistance accurately and to coordinate with PVOs, NGOs, other USG agencies, and other donors.

Demands on resources have increased steadily for a number of years. In FY 2001, USAID responded to 79 disasters in 56 countries, including 54 natural disasters, 16 complex emergencies, and nine human-caused emergencies. Natural disasters adversely affected approximately 173 million people, their livestock, and livelihoods, and killed more than 24,000 people. Civilians continue to suffer the horrifying consequences of conflict and natural disasters and look to the international community for life-saving and life-sustaining support. Droughts and floods made up the largest number of natural disasters in FY 2001 – affecting nearly one of every two countries in which USAID responded to disasters. Some of the major disasters to which USAID's Office of Foreign Disaster Assistance (OFDA) responded:

- Afghanistan – Prior to September 2001, two decades of war, including a decade-long Soviet occupation and ensuing civil strife, left Afghanistan impoverished and mired in an extended humanitarian crisis. Government infrastructure collapsed, and significant local and national

resources were directed to the war effort. Severe restrictions by the Taliban had particular impact on women who previously had worked outside their homes. Beginning in September, there was a major population exodus from principal Afghan cities and into refugee camps inside and outside the country. Despite the severe conditions, \$12.6 million of assistance was provided through OFDA.

- Democratic Republic of Congo (DRC) – In FY 2001 violence and insecurity continued to destabilize DRC, limiting humanitarian access to vulnerable populations. International agencies had access to only about 60 percent of the displaced people due to continued insecurity in some areas. OFDA provided more than \$21.8 million in assistance, primarily focused on health services and food security programs. In addition, OFDA supported emergency market infrastructure rehabilitation and agricultural programs for war-affected, vulnerable, and internally displaced persons.
- Sudan – Sudan’s 18-year civil war between the Government of Sudan military and militia and southern Sudanese rebel groups continued in Southern Sudan. Populations in the war-torn area were displaced, and in FY 2001 more than 900,000 people were affected by drought conditions. In May 2001, the President named the USAID Administrator as Special Humanitarian Coordinator for Sudan. OFDA’s humanitarian assistance for Sudan totaled more than \$27.2 million in FY 2001 and focused primarily on health care and food security projects targeting children, war-affected, drought-affected, and internally displaced persons in geographic areas of critical need.
- El Salvador – In FY 2001, El Salvador suffered the devastation of two major earthquakes: 1,159 people died and 1,582,428 people were affected, nearly a quarter of the country’s population. OFDA responded with \$14.3 million of emergency assistance, focused primarily on meeting the needs of those left homeless through the provision of temporary shelter. IDA also funded emergency assistance in search and rescue; the local purchase or airlift of commodities to meet pressing needs in the areas of health, water, and sanitation; and provision of household necessities such as blankets and mattresses.
- India – The earthquake of January 26, 2001, in western India resulted in the death of more than 20,000 people, the injury of another 20,700 people, and the temporary displacement of approximately 600,000 people. OFDA provided more than \$7.4 million from IDA, which included three airlifts of relief supplies delivered by CARE, Catholic Relief Services, and the Indian government. In addition, \$879,000 was provided in technical equipment to assist with debris removal, and more than \$4.8 million was made available to U.S. private voluntary organizations for interventions in the shelter, water, sanitation, health and nutrition, emergency food, and coordination sectors.

Complex emergencies, involving civil conflict often complicated by natural disasters, account for an increasing share of the IDA budget. Although these conflicts fluctuate in intensity, their resolution is very difficult and relief assistance may be necessary for long periods. Increasing emphasis is being placed on applying preparedness and mitigation lessons learned to deal with these emergencies.

Transition Initiatives
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
TI	49,890	50,000	55,000

The Transition Initiatives (TI) account funds humanitarian programs that provide post-conflict assistance to victims of natural and man-made disasters. Until FY 2001, this type of assistance was provided under International Disaster Assistance. TI supports USAID’s Democracy, Conflict, and Humanitarian Assistance pillar.

Transition is now defined as including countries moving from war to peace, countries making the turn from civil conflict to national reconciliation, or countries in which political strife has not yet erupted into violence and the possibility exists to prevent or mitigate conflict and broaden democratic participation. Strategies are tailored to meet the unique needs of each transition situation, and changing conditions are quickly reflected in new or modified strategies.

The FY 2003 request for TI will support programs administered by USAID’s Office of Transition Initiatives (OTI). This office addresses the opportunities and challenges facing conflict-prone countries and those making the transition from the initial crisis stage of a complex emergency (frequently handled by USAID’s Office of Foreign Disaster Assistance) toward a more stable political and economic situation.

USAID established OTI in 1994 to help local partners advance peaceful, democratic change in conflict-prone countries. OTI works on the ground to provide fast, flexible, short-term assistance targeted at key transition needs. Its ability to assist local partners in addressing the root causes of conflict is key to bridging the gap between emergency relief and long-term development.

Transition Initiatives programs support U.S. foreign policy priorities in assisting transition countries usually during the critical two-year period when they are most vulnerable to renewed conflict or instability. These short-term, high-impact projects involve local, national, international, and non-governmental partners and are designed to increase momentum for peace, reconciliation, and reconstruction. Tailored strategies are initially tested on a small scale and applied more broadly only when it is clear that they are having a high impact.

OTI’s strategic objective is to advance successfully political transitions in priority, conflict-prone countries by enhancing citizen security; initiating, re-establishing, or expanding democratic political process; and improving the targeting of interventions. FY 2002 funds will be used to implement programs in Afghanistan, Burundi, the Democratic Republic of Congo (DRC), Indonesia, Kosovo, the Republic of Macedonia, Nigeria, Peru, Serbia and Montenegro, Sierra Leone, and Zimbabwe. FY 2002 is the final year of funding for the programs in Indonesia, Kosovo, Nigeria, Peru, and Sierra Leone. FY 2002 funds will be used also to carry out new programs in response to critical junctures and windows of opportunity.

Development Credit Program
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
USAID DCP	3,991	7,500	7,591

Credit promotes broad-based economic growth in developing and transitional economies. It is often the best means to leverage private funds for development purposes.

The Development Credit Program (DCP) allows USAID to use credit as a flexible development tool for a wide range of development purposes. DCP consolidates the former Urban and Environmental Credit program and the Micro and Small Enterprise Development programs.

For FY 2003, the Administration is not requesting new transfer authority from USAID-managed program accounts for DCP because of the availability of existing prior-year authority.

It is envisioned that all future agency credit activities will be carried out under the reforms embodied in DCP regulations and the Federal Credit Reform Act of 1990, as amended. This program augments grant assistance by mobilizing private capital in developing countries for sustainable development projects. DCP is not intended for sovereign credit activities.

The FY 2003 request includes funding for administrative costs only.

USAID Operating Expenses
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
USAID OE	543,160	560,659	586,087
ERF-USAID OE	2,400	15,000	0

USAID’s development and humanitarian programs play an important role in support of U.S. foreign policy and national security objectives. The Operating Expenses (OE) budget of USAID provides critical funding for salaries and support costs of the staff responsible for managing these programs.

The FY 2003 request for OE will provide the resources needed to maintain current staffing levels associated with USAID’s presence in key developing countries, continue to build effective information technology and financial management capabilities, and strengthen staff capabilities with training.

OE funding covers the salaries, benefits, and other administrative costs associated with USAID programs worldwide, including those managed by USAID and financed through Development Assistance, the Economic Support Fund, Assistance to Eastern Europe and the Baltics, Assistance to the Independent States of the Former Soviet Union, and P.L. 480 Title II Food for Peace Programs.

In FY 2003, funds are requested under a separate account – the new USAID Capital Investment Fund – for infrastructure improvements and information technology. Funds for the USAID Office of the Inspector General are also requested separately.

USAID Capital Investment Fund
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
USAID CIF	0	0	95,000

USAID requests the establishment of a Capital Investment Fund (CIF) in FY 2003 with no-year funds. Such funds will provide the Agency with greater flexibility to manage investments in technology systems and facility construction than the annual appropriation for Operating Expenses will allow.

The CIF request includes \$13 million for Information Technology to support major systems and infrastructure improvement projects that have substantial impact on agency operations and results. It also includes \$82 million for USAID construction overseas to build new USAID office facilities and to collocate on embassy compounds when new embassies are constructed.

USAID Inspector General Operating Expenses
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
USAID OIG	28,024	32,806	34,046

The FY 2003 request for the USAID Office of the Inspector General (OIG) covers operating expenses, including salaries, expenses, and support costs of OIG personnel.

The goals of the OIG are to:

- Assist USAID to implement its strategies for sustainable development and provide USAID managers with information and recommendations that improve program and operational performance.
- Work with USAID to protect and maintain the integrity of the Agency and its programs by investigating allegations of federal criminal violations and serious administrative violations involving USAID programs and personnel.

The OIG's mandate involves USAID programs and personnel operating in over 80 different countries around the world.

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OTHER BILATERAL ECONOMIC ASSISTANCE

Economic Support Fund
Assistance for East Europe and the Baltic States
Assistance for the Independent States of the Former Soviet Union

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Economic Support Fund
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
ESF	2,314,896	2,224,000	2,290,000
ERF-ESF	0	600,000	0

The Economic Support Fund (ESF) promotes the economic and political foreign policy interests of the United States by providing assistance to allies and countries in transition to democracy, supporting the Middle East peace negotiations, and financing economic stabilization programs, frequently in a multi-donor context. The U.S. Agency for International Development (USAID), with overall foreign policy guidance from the Department of State, implements most ESF-funded programs. ESF furthers U.S. foreign policy interests by:

- Increasing the role of the private sector in the economy, reducing government controls over markets, enhancing job creation, and improving economic growth.
- Assisting in the development of effective, accessible, independent legal systems operating under the rule of law, as measured by an increase in the use of the courts to decide allegations of human rights abuses or abuses of government authority.
- Developing and strengthening institutions necessary for sustainable democracy through support for the transformation of the public sector, including assistance and training to improve public administration, promote decentralization, and strengthen local governments, parliaments, independent media, and non-governmental organizations.
- Assisting in the transition to transparent and accountable governance and the empowerment of citizens, working through civic and economic organizations and democratic political processes that ensure broad-based participation in political and economic life, as well as respect for human rights and fundamental freedoms.
- Strengthening capacity to manage the human dimension of the transition to democracy and a market economy and to help sustain the neediest sectors of the population during the transition period.

ESF addresses a full range of problems through an integrated strategy, including balance of payments and other economic support measures designed to create employment and conditions conducive to international investment and trade, and through support for programs that nurture democratic institutions and a vibrant civil society. In other parts of the world, economic dislocation and political strife continue to place great strains on many countries. Depending on the recipient country's economic situation, balance of payments or budgetary support may create leverage to bring about the adoption of more rational economic and fiscal policies required to sustain economic growth. However, in the short term, measures to create more rational and efficient economic structures and practices often exacerbate social and political tensions unless buffered by external assistance. In these circumstances, ESF can help to prevent or diminish economic and political dislocation that may threaten the security of key friends and allies. By promoting economic growth, good governance, and strong democratic institutions, ESF aims to eradicate the economic and political disparity that often underlies social tension and can lead to radical, violent reactions against government institutions. To this end, economic assistance programs focus on mitigating the root causes of terrorism.

The largest share of the FY 2002 ESF request remains focused on supporting Middle East peace negotiations through programs that foster economic stability and development in Israel, Egypt, and other Arab countries pledged to support the peace process. ESF is also requested to support: peace and reconciliation in Ireland and Cyprus; democratic institution building and economic growth in the Western Hemisphere and Caribbean; rebuilding democratic institutions and programs that support African integration into the global economy and conflict management on the African continent; democratic and economic strengthening in Indonesia and East Timor; programs that promote rule of law and address the growing problems of trafficking and forced labor of women and children in South Asia; and programs that can respond quickly to prevent or forestall human rights abuses and exploit unanticipated opportunities to promote democracy.

Further detailed justification for the proposed programs can be found in the respective regional program sections.

Economic Support Fund
(\$ in thousands)

	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
Africa			
Africa Regional Fund	11,519	29,000	32,000
Angola	2,491	-	-
Countries in Transition	11,350	40,000	31,000
Education for Development and Democracy	12,466	15,000	-
Ghana	4,500	-	-
Great Lakes Justice Initiative	10,978	-	-
Nigeria	21,608	-	-
Presidential Economic Growth Opportunity	1,995	-	-
Regional Organizations	998	4,000	6,000
SADC Initiative	998	-	-
Safe Skies	4,995	3,000	8,000
Sierra Leone	1,900	9,000	-
Subtotal - Africa	85,798	100,000	77,000
East Asia and the Pacific			
Accelerating Economic Recovery in Asia	4,989	-	-
Burma	3,492	6,500	6,500
Cambodia	14,967	20,000	17,000
China Rule of Law	-	5,000	5,000
Chinese Compensation	28,000	-	-
East Asia and Pacific Environmental Initiative	3,492	3,500	-
East Timor	24,945	25,000	19,000
Indonesia	49,890	50,000	60,000
Mongolia	11,974	12,000	12,000
Philippines	3,991	21,000	20,000
Regional Democracy	5,894	5,000	5,000
Regional Security Fund	249	250	250
Regional Women's Issues	2,994	4,000	4,000
South Pacific Fisheries	14,000	14,000	18,000
Subtotal - East Asia and the Pacific	168,877	166,250	166,750
Europe and Eurasia			
Cyprus	14,967	15,000	15,000
International Fund for Ireland	24,945	25,000	25,000
Irish Visa Program	4,989	5,000	4,000
Subtotal - Europe and Eurasia	44,901	45,000	44,000

Economic Support Fund
(\$ in thousands)

	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
Near East			
Egypt	693,471	655,000	615,000
Iraq Opposition	24,945	25,000	25,000
Israel	838,152	720,000	600,000
Jordan	149,670	150,000	250,000
Lebanon	34,923	35,000	32,000
Middle East Democracy	3,991	5,000	5,000
Middle East Fact Finding	2,793	-	-
Middle East Multilaterals	2,994	3,000	3,000
Middle East Regional Cooperation	4,989	5,000	5,000
U.S. North Africa Economic Partnership	3,991	4,000	4,000
West Bank/Gaza	84,813	72,000	75,000
Yemen	3,991	5,000	10,000
Subtotal - Near East	1,848,723	1,679,000	1,624,000
South Asia			
Afghanistan	-	17,250	-
Bangladesh	-	3,000	7,000
India	4,989	7,000	25,000
Nepal	-	3,000	6,000
Pakistan	-	9,500	200,000
South Asia Democracy	4,989	-	-
South Asia Energy and Environment	3,492	-	-
South Asia Regional Funds	-	3,500	2,000
South Asia Regional Stability Fund	998	-	-
Sri Lanka	-	3,000	4,000
Women and Children Support Fund	4,490	-	-
Subtotal - South Asia	18,958	46,250	244,000
Western Hemisphere			
Administration of Justice	6,985	10,000	11,000
Bolivia	1,995	10,000	10,000
Centers for Educational Excellence	-	7,000	-
Cuba	4,989	5,000	6,000
Dominican Republic	3,492	2,000	3,500
Eastern Caribbean	6,985	11,000	-
Ecuador	5,491	15,000	20,000
El Salvador	4,989	25,000	-
FTAA Technical Assistance	-	-	1,000
Guatemala	13,969	10,000	7,500
Haiti	46,894	30,000	-

Economic Support Fund
(\$ in thousands)

	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
Honduras	998	1,000	-
Jamaica	1,497	1,000	-
Mexico	6,178	10,000	12,000
Nicaragua	1,499	1,500	-
Panama	998	4,000	3,500
Paraguay	3,492	3,500	3,500
Peru	2,203	15,000	10,000
Peru/Ecuador Peace	6,985	5,000	4,500
Third Border Initiative	-	-	3,000
Venezuela	-	500	500
W. Hemisphere Regional Democracy	599	-	-
Subtotal - Western Hemisphere	120,238	166,500	96,000
Global			
Human Rights and Democracy Funds	13,421	13,000	12,000
Oceans, Environmental and Science Initiative	4,989	4,000	2,000
Partnership to Eliminate Sweatshops	3,991	4,000	4,000
Policy Initiatives	5,000	-	20,250
Subtotal - Global	27,401	21,000	38,250
Total	2,314,896	2,224,000	2,290,000
Emergency Response Fund			
Pakistan	-	600,000	-
Total Emergency Response Fund	-	600,000	-

Human Rights and Democracy Funds
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
ESF	13,421	13,000	12,000

Democracy and human rights constitute one of the seven U.S. national interests identified in the Strategic Plan for International Affairs. In promoting democracy and human rights, the United States is simultaneously communicating America's values and protecting its interests. This effort has become increasingly significant since the events of September 11. The fight against terrorism can be successful in the long term only if it addresses the root causes of extremism by promoting stable, open societies where basic human freedoms are respected and protected. History amply demonstrates that democracies are more prosperous, peaceful, and cooperative than societies under authoritarian regimes.

Economic Support Funds (ESF) through Human Rights and Democracy Funds (HRDF) support unique projects that promote democracy and human rights in countries of strategic significance to the United States. Support for such projects underscores the USG's continued commitment to human rights and democracy in its fight against terrorism.

In FY 2003, HRDF will support projects that provide assistance to struggling or nascent democracies or that help improve the human rights situation in critical countries. Funds will also support regional initiatives that have transnational implications. HRDF will be used to continue to facilitate the implementation of innovative, cutting-edge programs that do not duplicate other efforts.

As the war on terrorism shifts from direct action against terrorist forces to preventing future terrorism, more attention will be devoted to addressing the roots of terrorism, including lack of respect for human rights and absence of democratic institutions. The Department of State will address these challenges by developing programs to support human rights defenders, democratic activists, and free media in Central Asia; train emerging women leaders in countries such as Turkey, Jordan, and Yemen; further the rule of law in China; and promote political participation and civil society in African, Asian, and Latin American countries at risk from rising extremism.

Oceans, Environmental and Science Initiative

(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
ESF	4,989	4,000	2,000

Oceans, environment, science, and technology issues directly affect our economic prosperity and national security. U.S. national interests are best served by American leadership and proactive engagement with the international community in these areas.

The Economic Support Funds (ESF) for Oceans, Environmental and Science Initiative (OESI) advance U.S. negotiating positions and promote regional cooperation and U.S. leadership in responding to emerging issues. Engaging in these activities furthers U.S. objectives by: elucidating the policy implications of international oceans, environmental, and science issues to foreign countries; promoting U.S. trade, economic, diplomatic, investment, and commercial interests; and enabling host governments to elaborate their own policies in an informed manner.

The Department of State is currently negotiating agreements, developing voluntary initiatives, and building support for U.S. positions on oceans, environment, and science issues including biotechnology, forests, hazardous chemicals, sustainable fisheries, and sustainable development. These processes will directly affect U.S. interests in trade and investment in such areas as food safety, movement and use of hazardous chemicals, agricultural exports, timber harvesting and export, and fishing and navigation rights. Consistent with furthering those U.S. interests, OESI program funds will be used, among other things, to:

- Further cooperative action with respect to invasive species that cost the U.S. economy an estimated \$138 billion annually, including damage to maritime commerce and fisheries, health care, agriculture, and forest product sectors.
- Develop institutional and legal frameworks for regional management of potentially divisive transboundary fresh water issues.
- To raise awareness of the unprecedented threat to economic development and social progress posed by the spread of HIV/AIDS and other infectious diseases.
- Promote sustainable forest management and deter illegal logging that threatens the U.S. timber industry.
- Advance the U.S. vision of sustainable development beyond the World Summit on Sustainable Development.
- Deter illegal fishing that threatens U.S. commercial fisheries' interests.
- Promote export of U.S. technologies that advance U.S. foreign policy objectives.

Partnership to Eliminate Sweatshops
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
ESF	3,991	4,000	4,000

The Partnership to Eliminate Sweatshops directly advances the U.S. strategic interests of broad economic development, political stability in developing countries, and addressing conditions in which terrorism can breed. The program is designed to eliminate sweatshop conditions, foster the development of modern industrial relations systems, and help firms adopt “best practices” in developing countries. Such steps will stimulate faster and broader economic growth and end practices that contribute to a backlash against trade and globalization and, in some cases, to anti-American sentiments. Concern exists among the American public that the global economy has created a climate of abusive treatment of workers and unsafe working conditions overseas. Leading American firms want to protect their corporate images and the value of their brands by ensuring that their products are manufactured in factories that comply with local laws and conform to international standards. Programs funded through the Partnership to Eliminate Sweatshops promote democracy and economic development abroad while reinforcing the domestic consensus in support of international economic engagement, trade, and promotion of basic worker rights.

Through the Partnership to Eliminate Sweatshops, the United States facilitates cooperation among corporations, consumers, non-governmental organizations, universities, organized labor, and others to address unacceptable working conditions around the world through a variety of approaches. This program has funded proposals from the private sector to establish business codes of conduct, workplace monitoring systems, research, training, and education initiatives. Funds have also been used to train and accredit monitoring agencies, to target countries and industries where the greatest problems exist, and to evaluate efforts to date.

The program complements other efforts being made to bring countries and companies into full compliance with the International Labor Organization’s Declaration of the Fundamental Principles and Rights at Work and to help developing countries meet worker rights criteria in U.S. trade legislation. The overall objectives are to eliminate forced labor, child labor, violations of freedom of association and the right to organize and bargain collectively, violations of minimum wage laws, harassment, discrimination, substandard health and safety conditions, and abusive work schedules in production facilities overseas that produce for the American market.

The Partnership to Eliminate Sweatshops will continue to make grants available, to both domestic and international applicants, to promote core labor standards, corporate codes of conduct, monitoring, training, research, and other associated activities. Funds may also be used to support mechanisms for communication and exchange of information among grant recipients to share lessons learned and discuss best practices. The FY 2003 request for Economic Support Funds (ESF) will continue support for this innovative program.

Assistance for Eastern Europe and the Baltic States
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
SEED	674,338	621,000	495,000

Since 1989, the Support for East European Democracy (SEED) Act has promoted important U.S. national interests and strategic goals in North Central and South Central Europe. With the graduation of the northern tier countries, the program has shifted its focus southward. This region retains the ability to pull in our allies and ultimately the United States to uphold vital interests, as the conflicts in Bosnia-Herzegovina (Bosnia) and Kosovo and more recent insurgencies in southern Serbia and Macedonia demonstrate. SEED assistance provides a proactive defense by funding important peace implementation programs that have laid the foundation for longer-term development solutions through the rise of democratic institutions and market economies.

SEED does this by supporting innovative models, technical assistance, and training to facilitate reform and transition. SEED funding promotes broad-based economic growth in the transitional countries of Central Europe and increases adherence to democratic practices and respect for human rights. Many of these countries have made important progress toward achieving the goals of the SEED program: building a market economy with a strong private sector, consolidating democracy, and improving the quality of life for citizens. All the recipients are now democracies, and almost all were experiencing economic growth last year. Extensive SEED investments during recent years have successfully helped the region overcome crises, so that in FY 2003 we can begin to reduce the overall request while maintaining the momentum of the reforms underway.

SEED programs help ensure that local and regional instability – particularly in South Central Europe – does not threaten the security and well-being of the United States and its allies. A peaceful, democratic, and economically strong Central Europe gives the United States and the Atlantic Alliance substantially greater assurance of security at a lower cost. SEED programs also minimize the human price of conflict, contribute to the protection of human health, help secure a sustainable global environment, and promote U.S. exports. Central Europe is a growing market for U.S. goods and services, as well as a gateway to the vast potential markets in Russia and Ukraine.

While the SEED program has built a solid record of accomplishment, much remains to be done. Two groups of countries in South Central Europe continue to need substantial U.S. assistance. The first group is comprised of countries and regions whose economic and political transition has been delayed by hostilities. This group includes Bosnia, Croatia, Kosovo, and, more recently, the Former Yugoslav Republic of Macedonia (Macedonia), Montenegro, and the Federal Republic of Yugoslavia (FRY). The aftermath of the 1999 conflicts in Kosovo, southern Serbia, and northern Macedonia calls for intensive U.S. assistance and leadership to establish and maintain security, promote inter-ethnic dialogue, address humanitarian needs, and strengthen democratic forces. We need to insure our investment in Croatia and the FRY by helping democratically elected governments cement their success. Bosnia remains a difficult challenge, given the severe physical and human damage caused by the war and the extreme hatred and distrust it generated. Nevertheless, we have seen progress in minority returns, the rise of moderate parties, and the arrival of foreign banks. The United States continues to exercise leadership through both its SEED Act assistance and military presence to ensure the Dayton Peace Accords are implemented.

The second group contains the neighboring countries of Albania, Bulgaria, and Romania. All suffered debilitating economic and/or political crises as a result of the 1999 Kosovo conflict, which have challenged

political, economic, and social stability. SEED is helping these countries deal with these crises and move forward in their transitions.

Objectives of the SEED program for FY 2003 include:

- To support the FRY as it overcomes a decade of political oppression and economic mismanagement. Efforts will focus on economic and democratic reforms to solidify the democratic gains in Belgrade; improve the effectiveness and accountability of local government; strengthen rule of law and respect for minority rights; and help the government develop and implement a comprehensive program for economic, political, and administrative reform. We will continue to advance the process of democratization in Montenegro through support for economic reform and development of the private sector.
- To support Macedonia's efforts to implement the Framework agreement to restore political stability by bringing the benefits of economic and political reforms to all its citizens. Work will go on at the grassroots level of government and with local police.
- To stabilize and transform Kosovo into an economically viable, democratically self-governing territory through the support of UNMIK, the consolidation of legitimate institutions of local self-government, the training and equipping of the Kosovo police, and the development of an effective justice system and respect for minority rights.
- To implement the Dayton Peace Agreement in Bosnia, finalize our support for returning minorities, enhance the voices of the moderate political leaders, and support economic reform with greater privatization and legal and regulatory reform.
- To work with the reform-minded, democratic government of Croatia as it undertakes economic reform, consolidates democracy, and fully implements refugee return programs in order to move Croatia rapidly toward integration with the West.
- To stabilize, transform, and integrate the countries of Southeast Europe into trans-Atlantic institutions through the development of greater intra-regional ties under the aegis of programs such as the Stability Pact for Southeast Europe.
- To provide very limited SEED assistance to Northern Tier countries in support of civil society.

SEED assistance supports U.S. security, democracy, commercial, and human rights interests in North Central and South Central Europe. FY 2003 SEED assistance will also:

- Enhance security on the ground for U.S. peacekeeping troops in Kosovo and Bosnia as well as KFOR troops in Macedonia.
- Speed up the stabilization process in the countries of the former Yugoslavia, allowing faster withdrawal of U.S. forces.
- Help prevent possible further outbreaks of armed conflict.
- Improve internal security and rule of law, reducing the influence of organized crime and corruption.

- Improve the investment climate and help open new markets for American business.
- Improve the lives of citizens in the region through more effective government, improved social services, and a cleaner environment.

Please see individual country and regional program papers in this document for detailed program justifications.

Assistance for Eastern Europe and the Baltic States
(\$ in thousands)

	FY 2001	FY 2002	FY 2003
	Actual	Estimate	Request
Europe and Eurasia			
Albania	35,123	35,000	28,000
Bosnia and Herzegovina	79,824	65,000	50,000
Bulgaria	35,123	34,000	28,000
Croatia	44,527	44,000	30,000
Federal Republic of Yugoslavia	172,120	165,000	135,000
<i>Montenegro</i>	<i>72,340</i>	<i>60,000</i>	<i>25,000</i>
<i>Serbia</i>	<i>99,780</i>	<i>105,000</i>	<i>110,000</i>
Kosovo	149,670	118,000	85,000
Macedonia	33,523	49,500	50,000
Regional SEED	86,013	74,500	60,000
Romania	38,415	36,000	29,000
Subtotal - Europe and Eurasia	674,338	621,000	495,000
Total	674,338	621,000	495,000

Assistance for the Independent States of the Former Soviet Union
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
FSA	808,218	784,000	755,000
ERF-FSA/NIS	0	46,500	0

Events in Eurasia greatly influence U.S. and global security. This is all the more true following the events of September 11. Most of the states of Eurasia were supportive during Operation Enduring Freedom, and several provided basing and overflight rights that were key to our ability to carry out military action in Afghanistan. The sheer size of the region, its borders with key countries in Europe, the Middle East, South Asia, and East Asia, proliferation concerns, and the region's capacity to produce critical energy supplies mean that the United States has a vital national interest in seeing that the states of Eurasia become stable, democratic, and prosperous nations. The United States also has strong national security interests in preventing proliferation of weapons of mass destruction, delivery systems, weapons technology, and expertise from the former Soviet arsenal.

Stability and prosperity in the region will only be possible if the Independent States successfully complete the transition they began in 1991 from totalitarianism and centrally planned economies to democratic governance and market-based economies. The assistance programs funded under the FREEDOM Support Act (FSA) are aimed at facilitating this transition by supporting emerging democratic organizations and market institutions and by helping the Eurasian states develop the legal and political infrastructure common to democratic, market-based countries. FSA funding has brought almost 90,000 Eurasian citizens to the United States to meet with U.S. counterparts and examine the American way of life. A large number of alumni of these exchange programs have gone on to assume important positions in their home countries. FSA funding has helped develop civil society in Eurasia through support for non-governmental organizations (NGOs) and the independent media. FSA-funded business advisory and credit programs have supported the growth of small and medium private business throughout the region, while FSA-funded programs have produced major progress on land privatization in countries such as Ukraine, Moldova, Georgia, and the Kyrgyz Republic.

FSA assistance also helps prevent the proliferation of weapons, weapons-related technology, and expertise and combats transnational threats such as drug trafficking and organized crime. The successful interdiction of illicit transfers of nuclear materials and weapons crossing borders in Central Asia was facilitated by assistance provided under the Export Control and Border Security programs. FSA assistance has helped Georgia build an effective Border Guard presence on the Georgian-Russian border, allowing the Georgian government to resist pressures from the Russian military to pursue Chechen rebels onto Georgian territory. FSA assistance programs also have facilitated the destruction and removal of Russian weapons and ammunition from Georgia and the Transnistria region of Moldova. In addition, FSA-funded joint research collaborations have achieved promising results in the areas of public health and agricultural research, while successfully redirecting the biological weapons expertise of former Soviet weapons scientists to peaceful, productive pursuits.

Because we recognize that the transition to democratic states with market-based economies will occur unevenly and over a long period of time, our assistance programs are based on two principles: first, balance between programs that address immediate threats and programs that promote lasting, generational change; and second, selective engagement based on willingness to reform.

The broad objectives of FREEDOM Support Act assistance to the NIS in FY 2003 are:

- To enhance security by attacking the root causes of instability and supporting efforts to resolve regional conflicts.
- To help establish open and competitive market economies and, in the process, expand opportunities for U.S. trade and investment.
- To promote the development of democratic institutions, the rule of law, and civil society.
- To promote cooperative nonproliferation efforts.
- To ease the human costs of transition through humanitarian aid and a focus on the social sector.

More specific objectives in FY 2003 include:

- Dealing with potential causes of instability in Central Asia, including poverty, lack of jobs, poor communal services, isolation, and political repression.
- Advancing the peaceful resolution of violent conflicts by support for peace efforts, regional integration, and reconstruction projects.
- Fostering the development of civil society, strengthening the rule of law, and promoting transparency at all levels of government by supporting NGOs, the independent media, and law enforcement.
- Supporting regions within individual states in their efforts to institute local reform policies that can serve as models of successful reform and influence other regions and, ultimately, national policies.
- Bolstering private enterprise, especially small business, through training and increased availability of credit.
- Helping national governments that show a commitment to reform build the legal and institutional infrastructure of a free-market democracy.
- Changing mindsets among citizens, especially the next generation, through exchanges and partnerships that expose them to Western societies and practices.
- Opening these societies to multiple sources of information through support for independent media and Internet access.
- Fighting the spread of infectious diseases, such as tuberculosis and HIV/AIDS, and trying to improve child and maternal health.
- Providing former Soviet weapons scientists with alternative, peaceful, civilian research opportunities.
- Enhancing the capability of regional states to combat crime; control their borders; and deter, detect, and interdict illicit transfers of weapons and drugs.

Assistance for the Independent States of the Former Soviet Union
(\$ in thousands)

	FY 2001	FY 2002	FY 2003
	Actual	Estimate	Request
Europe and Eurasia			
Armenia	89,802	89,725	70,000
Azerbaijan	36,024	43,310	46,000
Belarus	11,383	10,072	9,500
Georgia	92,808	89,010	87,000
Kazakhstan	45,699	45,015	43,000
Kyrgyz Republic	32,997	34,988	36,000
Moldova	44,803	35,416	32,500
Regional FSA	75,450	69,356	67,000
Russia	159,861	157,728	148,000
Tajikistan	16,735	19,222	22,500
Turkmenistan	6,275	7,072	7,000
Ukraine	171,581	154,196	155,000
Uzbekistan	24,800	28,890	31,500
Subtotal - Europe and Eurasia	808,218	784,000	755,000
Total	808,218	784,000	755,000
Emergency Response Fund			
Regional FSA	-	6,000	-
Uzbekistan	-	40,500	-
Total Emergency Response Fund	-	46,500	-

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INDEPENDENT AGENCY

Peace Corps
Inter-American Foundation
African Development Foundation

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Peace Corps
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
Peace Corps	267,275	278,043	320,228
ERF-Peace Corps	2,600	3,900	0

The Peace Corps was established 41 years ago to promote international peace and friendship through the service abroad of American Volunteers. It has since emerged as a model of citizen service on an international scale and of practical assistance to people in developing countries. More than 165,000 Americans from every background have served in the Peace Corps in 135 countries. Volunteers help the people of interested countries meet their need for trained men and women, promote a better understanding of Americans among the people Volunteers serve, and promote a better understanding of other peoples on the part of Americans.

The Peace Corps fulfills its mission by making it possible for American citizens to serve as Volunteers in developing countries and participate in the development efforts of their host communities. The people-centered focus of the Peace Corps, as well as its separation from the formal conduct of the foreign policy of the United States, has allowed Volunteers to establish a record of service that is respected and recognized globally. Nevertheless, Peace Corps projects support the U.S. foreign policy goals of promoting economic growth in developing and transitional economies, securing a sustainable global environment, protecting human health and reducing spread of disease, and providing assistance in response to crises. The Peace Corps also supports other important national goals, such as preparing America's work force with overseas experience, educating young Americans about other countries and cultures through the Peace Corps' Paul D. Coverdell World Wise Schools and Peace Corps Fellows programs, and encouraging service and volunteerism among the American people.

The men and women who serve overseas as Peace Corps Volunteers reflect the rich diversity of our country, but they share a common spirit of service, dedication, and idealism. For two years, they pursue a life that requires determination, self-motivation, patience, and sacrifice. They often live in remote, isolated communities. Volunteers receive intensive language and cross-cultural training in order to become part of their host communities. They work with teachers and parents to improve the quality of, and access to, education for children. They work on projects to keep families healthy and help them grow more food. Their larger purpose, however, is to leave behind skills that allow people in developing countries to take charge of their own futures. At the same time, Volunteers learn as much, if not more, from the people they serve. When they complete their service in the Peace Corps, Volunteers bring the world back home and strengthen America's understanding of different countries and cultures.

The Peace Corps' budget request for FY 2003 will enable the Peace Corps to increase the number of Volunteers serving overseas, enhance Volunteer and staff safety and security, and implement enterprise-wide architecture for the agency's information technology systems.

Priorities for the Peace Corps in FY 2003 are to:

- Increase the number of Volunteers serving overseas – In response to greater American interest in volunteerism and to increase America's contribution to the people of other nations, Peace Corps will establish new programs in eight countries and re-open several currently suspended posts. An additional 1,200 volunteers will be placed worldwide during FY 2003 to assist host countries and communities in education, health (including HIV/AIDS), the environment, information technology, agriculture, and business development. Given the changing realities of political,

economic, and social development within the countries served, the Peace Corps will continue to utilize its annual internal strategic planning process to assess its global presence and ensure that Volunteers are able to respond effectively to the development needs of host countries. In FY 2001 this process resulted in the opening of a new Peace Corps program in the Republic of Georgia and a re-opening of the program in Uganda. The Peace Corps has closed the program in Poland in FY 2001 and will close programs in the Slovak Republic, Latvia, Estonia, and Lithuania by the end of FY 2002. In FY 2002, there are immediate plans to re-enter Peru and to open a program in newly independent East Timor. There will also be a number of assessments to determine whether programs can be opened in Botswana, Swaziland, Azerbaijan, and Bosnia-Herzegovina and the program in Chad re-opened.

- Ensure Volunteer safety and security – The safety and security of our Volunteers is the Peace Corps' highest priority. Volunteers working under difficult circumstances in remote areas of the world need the assurance that they will be able to perform their assignments without undue risks to their safety and security. The Agency has taken significant steps over the past few years to ensure the requisite support and training is incorporated into all communications with the Volunteer, beginning with the first exposure to Peace Corps service. Specific efforts include greater attention to the identification of Volunteer sites, upgrading communications systems to enhance safety, updating emergency action plans at each post and regular testing, hiring three Safety and Security Officers to support posts, and providing safety reviews and training components. Moreover, given the serious issues that the Peace Corps regularly confronts, the Agency plans to increase the number of Regional Safety and Security Officers overseas by an additional six positions over the current three. This increase will provide greater security coverage to each sub-region and will allow for more security assessments and provide a greater capacity to conduct sub-regionally focused training activities for Volunteers and staff.
- Strengthen business support systems – In accordance with various Federal mandates and management initiatives, the Peace Corps will implement an enterprise-wide information architecture. FY 2003 priority activities are to complete the target architecture and sequencing plan. In addition, the Agency is focusing on improvements in other business systems. In FY 2003 the Peace Corps will complete the first phase of implementation of a new financial management system that will meet the needs of the Peace Corps in the coming years. At overseas posts the Agency will complete conversion from Macintosh to Windows computers and improve connectivity. The Agency will also modify the means and strategies by which Volunteers are recruited and placed by taking greater advantage of improved information technology capabilities. Finally, the Peace Corps will enhance customer service to its internal and external clients.

Together, these efforts will allow for growth of the Peace Corps and greater management capability and oversight.

Inter-American Foundation
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
IAF	12,147	13,290	14,185

The Inter-American Foundation, an independent agency of the U.S. Government, was created in 1969 as an experimental foreign assistance program. The Foundation promotes equitable and participatory self-help development in Latin America and the Caribbean by awarding grants directly to local organizations that design and implement their own projects. This responsive approach advances the interests of the United States through the promotion of democratic principles and economic development at the grassroots level.

The Foundation seeks to develop new strategies, partnerships, and mechanisms to increase its role as a development innovator. It also disseminates results and lessons learned for the benefit of other donors, such as the U.S. Agency for International Development, the World Bank, the Inter-American Development Bank, private foundations, and non-governmental organizations (NGOs).

With the FY 2003 budget request, the Inter-American Foundation will continue to be an effective catalyst and leader in support of innovative local partnerships. These involve NGOs, municipal governments, and the private sector working together to mobilize and focus resources on improving economic and social conditions in local communities. By encouraging their active participation and demonstrating the value of their collaboration, the Foundation will help to establish sustainable democratic structures and mechanisms for the participation of economically disadvantaged citizens in the public decision-making processes that affect their lives.

In FY 2003, the Inter-American Foundation will also support programs and activities in Latin America and the Caribbean that further the concepts of philanthropy, social responsibility, and investment by the corporate community of financial and human resources in local economic and social development activities. By encouraging U.S. and local corporations and other business entities to invest a portion of their resources in the social and economic development of the communities in which they operate, the Foundation will increase the amount of local resources from the private sector to support local development priorities. Such additional resources will lead to increased economic opportunities for the poor, increased integration of the poor into local and regional markets, decreased dependency of the poor on foreign assistance programs, and, over the long term, expanded markets for U.S. goods and services in the region.

The overall vision of the Inter-American Foundation is for Latin America and Caribbean countries to achieve high levels of development capability at the grassroots level and independence from external resources. In pursuit of its vision, the Foundation aims to increase the effectiveness and the financial independence of community level development organizations and processes that focus on human development, foster self-reliance, and improve the quality of life for the peoples of the region. Given the Foundation's limited staff and financial resources, the quest for creative and effective ways to increase the impact of its resources will be an ongoing institutional priority.

African Development Foundation
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
ADF	16,080	16,680	16,689

The African Development Foundation (ADF) plays a unique role within the U.S. Government’s foreign assistance programs. ADF is the only agency working directly at the grassroots level – exclusively in partnership with African non-governmental entities – to alleviate poverty by promoting participatory, broad-based, sustainable development.

ADF’s efforts complement larger government-to-government assistance programs by addressing obstacles to development at the grass roots and developing models of participatory development that can be replicated. The Foundation’s programs support U.S. national interests in Africa in other important ways, including promoting trade and investment opportunities and encouraging bonds of friendship with and between African people from a diversity of religious, ethnic, and socio-economic orientations.

ADF will focus its FY 2003 request on the following strategic objectives:

- Promoting micro and small enterprise (MSE) development.
- Expanding participation of small enterprise and producer groups in trade and investment relationships with the United States and within Africa.
- Promoting sound natural resource management (NRM).
- Promoting community-based HIV/AIDS interventions.
- Fostering the development of African institutions.

ADF works in fourteen countries. The primary focus of ADF’s assistance is African micro and small enterprises (MSEs) as a means to create job opportunities and generate income. Women are major beneficiaries of ADF assistance.

The Foundation has extensive experience in improving the productivity of small farmers and building robust small enterprises. This enables ADF to play a special role in increasing the participation of African grassroots enterprises and producer groups in international trade. ADF has developed innovative and replicable models for promoting non-traditional exports by poor farmers and small manufacturers.

ADF works directly at the community level and with African NGOs and researchers to foster sustainable use and conservation of the fragile natural resource base in African countries. The Foundation supports development of new technologies and techniques in community-based land use planning and implementation.

The Foundation is undertaking a new initiative in HIV/AIDS. With its extensive rural base, ADF will be able to reach thousands who are beyond traditional prevention campaigns. With its focus on supporting income generating activities, the Foundation will be able to promote innovative initiatives that improve the economic security of those affected by HIV/AIDS.

For each strategic objective, ADF has established performance indicators and measurable performance targets. The key indicators include new MSEs created and jobs generated; entrepreneurs trained and micro-loans disbursed; non-traditional exports produced and marketed; new NRM technologies developed and improved practices adopted; and people trained in HIV/AIDS prevention and community remediation programs undertaken.

DEPARTMENT OF STATE

International Narcotics Control and Law Enforcement
Migration and Refugee Assistance
Emergency Refugee and Migration Assistance Fund
Nonproliferation, Anti-terrorism, Demining, and Related Programs

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International Narcotics Control and Law Enforcement
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
INCLE	324,972	842,703	928,713
ERF-INCLE	0	73,000	0

International drug trafficking and organized crime jeopardize the global trend toward peace and freedom, undermine fragile new democracies, sap the strength from developing countries, and threaten our efforts to build a safer, more prosperous world. The administration is answering these national security threats by making international narcotics and crime control top foreign policy priorities. Our policy is aimed at achieving greater U.S.-led international cooperation focused on the most critical drug and crime targets.

Within the broad International Affairs Strategic Plan, the primary mandates of the Bureau of International Narcotics and Law Enforcement Affairs (INL) are embodied in two strategic goals under the law enforcement national interest heading: (1) minimize the impact of international crime on the United States and its citizens, and (2) reduce the entry of illegal drugs into the United States. INL's efforts in FY 2003 using International Narcotics Control and Law Enforcement (INCLE) funds and Andean Counterdrug Initiative (ACI) funding will focus on: reducing drug crop cultivation through a combination of enforcement, eradication, and alternative development programs in cooperation with host government organizations; strengthening the ability of law enforcement and judicial institutions in developing countries to investigate and prosecute major drug trafficking organizations, and to seize and block their assets; and improving the capacity of host nation police and military forces to attack narcotics production and trafficking centers.

With respect to international crime, our programs are designed to: strengthen border security; strengthen capacities to participate in international civilian police missions; and build stronger law enforcement networks to prevent and combat (among other threats) financial crimes and money laundering, corruption, alien smuggling and trafficking in people, violence against women and children, and the theft of intellectual property rights.

Despite the enormity of the task and the challenges ahead, INL's programs are achieving success:

- Eradication, alternative development, and law enforcement programs in Colombia - the primary source of cocaine entering the United States - have sharply blunted the enormous increases in coca production during the 1990's. Cultivation levels in Peru and Bolivia remain in decline and are well below the figure of several years ago. Under agreements with Ecuador, El Salvador, and the Netherlands, we have established forward operating locations to support interdiction and detection and monitoring efforts in this hemisphere.
- Our global initiatives to strengthen and better regulate financial institutions are making it easier for authorities to identify and track money laundering and seize the assets of organized crime. INL has fostered a global network of financial regulators who trade information daily, and we have funded efforts that have exposed some of the biggest money launderers in the past few years. Working with foreign banking and regulatory officials, U.S. authorities are confiscating hundreds of millions of dollars in cash and bank accounts from organized crime syndicates.
- In 2001, the Department opened a regional International Law Enforcement Academy (ILEA) in Gaborone, Botswana, which brings to three the number of ILEAs providing law enforcement training keyed to regional issues and problems. The Department also opened an ILEA in Roswell,

New Mexico, to provide advanced training for graduates of the three regional ILEAs. Overall, through ILEAs and bilateral training programs, INL provided law enforcement training to nearly 13,000 law enforcement officials in more than 120 countries in 2001.

- With U.S. financial and political support, the international community completed three years of hard work on the Transnational Organized Crime Convention, which has been signed by more than 140 states. The United States is also providing similar support for negotiation of an international convention on corruption, which is currently underway.

International Narcotics Control and Law Enforcement
(\$ in thousands)

	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
NARCOTICS PROGRAMS			
Country/Regional Programs			
Andean Counterdrug Initiative			
Bolivia	52,000	81,000	91,000
<i>Interdiction</i>	35,000	48,000	49,000
<i>Alternative Development/Institution Building</i>	17,000	33,000	42,000
Brazil	2,000	6,000	12,000
Colombia	48,000	380,500	439,000
<i>Interdiction</i>	48,000	243,500	275,000
<i>Alternative Development/Institution Building</i>	-	137,000	164,000
Ecuador	2,200	25,000	37,000
<i>Interdiction</i>	2,200	15,000	21,000
<i>Alternative Development/Institution Building</i>	-	10,000	16,000
Panama	1,363	5,000	9,000
Peru	48,000	142,500	135,000
<i>Interdiction</i>	21,000	75,000	66,000
<i>Alternative Development/Institution Building</i>	27,000	67,500	69,000
Venezuela	1,200	5,000	8,000
Subtotal - Andean Counterdrug Initiative	154,763	645,000	731,000
Other Western Hemisphere			
Bahamas	1,200	1,200	1,200
Guatemala	3,000	3,500	3,400
Jamaica	257	1,550	1,300
Latin America Regional	8,537	10,000	9,500
Mexico	10,000	12,000	12,000
Subtotal - Other Western Hemisphere	22,994	28,250	27,400
Asia Regional			
Asia Regional	2,233	5,050	4,500
Laos	4,200	4,200	3,000
Pakistan	3,500	2,500	4,000
Southwest Asia Initiatives	-	3,000	3,000
Thailand	4,095	4,000	3,750
Subtotal - Asia Regional	14,028	18,750	18,250
Interregional Aviation Support	50,000	60,000	65,000
Subtotal, Narcotics Country Programs	241,785	752,000	841,650

International Narcotics Control and Law Enforcement
(\$ in thousands)

	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
Other Narcotics Programs			
International Organizations	12,000	16,000	13,000
Program Development and Support	12,187	13,703	14,563
Regional Narc. Training and Demand Reduction	5,000	5,000	5,000
Systems Support and Upgrades	4,000	6,000	4,000
Subtotal - Other Narcotics Programs	33,187	40,703	36,563
TOTAL, NARCOTICS PROGRAMS	274,972	792,703	878,213
Anticrime Programs			
Africa Regional Anticrime	7,500	7,500	7,000
Civilian Police Program	10,000	-	5,000
INL Anticrime Programs	21,950	20,330	14,000
International Law Enforcement Academies	7,300	14,500	14,500
Trafficking in Persons	3,250	7,670	10,000
Subtotal - Anticrime Programs	50,000	50,000	50,500
Total	324,972	842,703	928,713
Emergency Response Fund			
Pakistan	-	73,000	-
Total Emergency Response Fund	-	73,000	-

Andean Counterdrug Initiative
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
INCLE	154,763	645,000	731,000
ERF-INCLE	0	73,000	0

The elimination of the Latin American drug threat is a national security issue. The National Drug Control Strategy has five overarching goals, two of which relate to national interests in this area: Goal Four is to shield America's air, land, and sea frontiers from the drug threat, and Goal Five is to break foreign and domestic sources of supply of illicit drugs.

While Andean Counterdrug Initiative (ACI) funding will be used to sustain programs begun under the FY 2000 emergency supplemental, it differs from Plan Colombia in that it increases significantly the share of counternarcotics assistance going to countries other than Colombia. In addition to Colombia, ACI funding will support programs in Peru, Bolivia, Ecuador, Brazil, Venezuela, and Panama. ACI also increases the amount of INCLE funding going to social and economic programs. Counternarcotics programs are essential to strengthening democratic institutions and defending Latin American governments against an insidious threat that also undermines free market economies, human rights, and environmental protection.

ACI funds will support a variety of programs that have the following objectives: reduce drug crop cultivation and the processing and transportation of drugs through a combination of eradication, alternative development, and interdiction programs; strengthen the ability of Latin American law enforcement and judicial institutions to investigate and prosecute major trafficking organizations by providing commodity assistance and training programs; undercut trafficker access to drug proceeds and to financial systems; and increase international awareness of the drug threat and its consequences to each Latin American country.

FY 2003 funding is requested for the Andean region in order to implement programs aimed at achieving the goal of reducing drug availability in the United States by 50 percent between 1996 and 2007. The ACI request is for programs in Colombia, Peru, Bolivia, Ecuador, Brazil, Venezuela, and Panama. For Colombia, Peru, and Bolivia, these funds will be used to expand counternarcotics law enforcement, drug crop reduction, alternative development, institution building, and administration of justice and human rights programs with and between these countries.

Specifically, for Colombia, funding is requested for the operations and maintenance costs of air assets provided under Plan Colombia supplemental funding, improvement of Colombia National Police intelligence collection capabilities, the creation of a second Colombian Army Counternarcotics Brigade, support for air bridge denial, acquisition of additional spray aircraft and herbicides, airfield upgrades, forward operating base and security upgrades, communications equipment, and support for riverine and coastal interdiction programs. A substantial amount of FY 2003 funding will be used for alternative development, aid to displaced persons and short-term assistance, and human rights and administration of justice programs – all of which are closely related to the overall counternarcotics effort.

Requested funding for Peru and Bolivia will be focused on sustaining the gains already achieved in drug crop reduction by: providing comprehensive alternative development programs to all major drug cultivation areas, upgrading helicopter airlift capabilities, addressing hardcore drug cultivation areas through law enforcement and drug crop eradication, deterring the spread of opium poppy cultivation in Peru, supporting a Peruvian air bridge denial program, and reinforcing programs aimed at institutionalizing counternarcotics programs. Funding for Ecuador, Brazil, Venezuela, and Panama will go toward enhanced border control and interdiction programs, plus alternative development funding for programs in Ecuador.

Other Western Hemisphere
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
INCLE	22,994	28,250	27,400

International Narcotics Control and Law Enforcement (INCLE) funding will continue to support two strategic goals in Mexico, Central America, the Caribbean, and non-Andean countries in South America: to reduce the entry of illegal drugs into the United States and to minimize the impact of international crime on the United States and its citizens. To address these goals, a wide variety of programs in the region will: strengthen criminal justice institutions to respond more effectively to drug trafficking and narcotics-related crime; enhance the capability of law enforcement to successfully investigate and prosecute narcotics crimes, including money laundering; eradicate illegal drug cultivation; and reinforce institutions that promote intergovernmental initiatives against drug abuse and narcotrafficking.

Mexico and the nations in the Caribbean face continuing challenges in dealing with changes in traditional drug production and trafficking patterns resulting from the recent increased pressure on the Andean countries. In addition, these countries are subject to increased pressure on their social and judicial institutions because of trafficker violence and corruption, and increased drug abuse. While the United States needs the assistance of these countries to interdict U.S.-bound drug shipments, they, in turn, need USG assistance to strengthen their law enforcement institutions, interdiction capabilities, and drug abuse prevention and treatment programs to protect their societies from the corrupting influences of narcotics trafficking.

FY 2003 funding will be used in programs to shield America's frontiers by targeting major drug transit routes from Latin America to the United States, routes that shift from Mexico/Central America to the western and eastern Caribbean, depending on interdiction efforts and trafficking trends. Enhancing bilateral programs with Mexico is a major priority because of its role as the leading smuggling gateway to the United States, growing methamphetamine trafficking, and the rise of powerful Mexican trafficking groups within the Latin American cocaine hierarchy. Mexico is now a strong advocate of closer cooperation in conjunction with its own anticrime and anti-corruption campaigns. INL programs in Mexico will continue to strengthen and modernize law enforcement institutions and infrastructure, provide more and better training for personnel, and promote anticorruption reforms.

INL will continue assistance to Caribbean nations at about the same levels as in FY 2002 to further upgrade capabilities in interdiction, law enforcement, and administration of justice, and to detect and prosecute financial crimes and governmental corruption. INL will further enhance intelligence gathering and sharing capabilities by providing additional training and information systems and communications equipment. In Central America, funding will support efforts to increase drug interdiction capabilities and modernize judicial sector institutions to increase successful prosecution of drug traffickers, money launderers, and corrupt public officials. For all of these countries, the United States will provide equipment, technical assistance, and training to support the institutionalization of political will, law enforcement, and judicial capabilities so that a sustainable effort can be mounted against the drug trafficking organizations that target the United States.

Asia Regional
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
INCLE	14,028	18,750	18,250

Drug trafficking continues to proliferate throughout Asia and into the Middle East and Africa, as local criminal organizations prosper and develop into regional, inter-regional, and global networks. Heroin remains our narcotics control priority in Asia, particularly in Laos, Thailand, and Burma in Southeast Asia, and Pakistan and Afghanistan in Southwest Asia. Available intelligence indicates that the flow of heroin to the United States, of which Asian heroin accounts for a significant share, is increasing while U.S. addiction rates rise. Adequate support for counternarcotics efforts by both donor countries and cooperating governments is essential to halting the flow of heroin from Asia to the United States. Counterdrug programs are doubly important because of the corrupting effect that narcotics trafficking has on both producer and transit countries, threatening to undermine democratic institutions and create instability in regions where the United States has key interests.

USG assistance for alternative development and law enforcement programs in Thailand has resulted in dramatic reductions in opium poppy cultivation. However, Thailand remains a transit country for heroin flowing out of Burma to the United States. Furthermore, a rapid increase in illicit amphetamine-type stimulant production and trafficking by Southeast Asian organizations that also traffic in heroin is becoming a serious problem. Follow-on programs that provide training, institution building, and information sharing will continue to strengthen law enforcement efforts against the major trafficking organizations. The alternative development program in Laos, currently the second leading producer of opium poppy, has been successful in areas where it has been implemented. INL will seek continued host government support to expand the crop suppression and alternative development programs to a wider region.

Pakistan has been very successful in eliminating poppy cultivation from portions of its territory, but there remain small pockets of cultivation. While INL programs have shown impressive results, they must be maintained in order to target cultivation and drug trafficking in the Khyber Agency of the Northwest Frontier Province and to prevent recidivism until former poppy producing areas have firmly established alternative means of economic support.

A proven means of attacking opium poppy cultivation – bilateral programs in alternative development combined with strong enforcement – has been unavailable in the two countries that, in recent years, produced most of the world's opium and heroin: Burma and Afghanistan. INL has been working through programs in the other major countries – Thailand, Laos, and Pakistan – to combat the trade while pursuing diplomatic and public channels to increase international awareness of the expanding heroin threat. INL has also worked through the UN Drug Control Program (UNDCP) to address the problem in Burma and Afghanistan.

While illicit drug production in Southwest Asia has declined due to poor weather and stronger enforcement, there are fears that opium production will increase in post-Taliban Afghanistan, despite the interim government's ban on production. Furthermore, a significant quantity of Afghan opium, much of which is probably drawn from stockpiles accumulated over the past couple of years, is being shipped from Afghanistan to Europe and elsewhere. The United States will develop bilateral projects and participate in multilateral UNDCP programs aimed at ending poppy cultivation in Afghanistan permanently, using funding from the Southwest Asia Initiatives account.

The Asia Regional Cooperation account will be used to help governments of countries in Asia that are neither major drug producers nor major transit routes establish counternarcotics law enforcement units, obtain training and equipment, and conduct effective demand reduction and public awareness campaigns. The purpose is not to establish permanent programs, but to provide seed money for countries to help themselves with projects that complement UNDCP and other donor programs. In India, INL is working with the government to support a program to complete an opium yield survey, provide law enforcement equipment to monitor the licit opium program, and fund a small demand reduction programs run by NGOs. Indonesia has become a transit point and destination for illicit narcotics and is a new focus of our counternarcotics and law enforcement enhancement efforts. Institutional development and material assistance is also needed in China, Vietnam, and Cambodia, where drug trafficking and abuse are rapidly growing problems.

Interregional Aviation Support
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
INCLE	50,000	60,000	65,000

The aviation program is an essential element of the overall INL strategy to achieve international counternarcotics objectives. The INL Office of Aviation assists host governments worldwide in their efforts to locate and eradicate drug crops, interdict drug production and trafficking activities, and develop internal institutional counternarcotics aviation capabilities. Interregional aviation activities will continue to focus on key programs in Colombia, Bolivia, and Peru, with temporary deployments of aircraft and personnel on an as-needed basis elsewhere in the Andean region and Central America.

The aviation program provides eradication, mobility, interdiction, and logistical support capabilities that augment and facilitate ground operations and, in many cases, performs functions that would not be possible by any other means. For example, aerial eradication techniques allow for the destruction of illicit crops over a more widespread area, in a faster and more cost effective manner than manual eradication. This is particularly important in eradicating the vast growing areas in Colombia during limited dry season windows of opportunity. In those countries that conduct manual, rather than aerial, eradication, INL aircraft provide essential transportation of manual eradicators and their supporting logistics to remote drug growing areas. These efforts significantly reduce the amount of illegal drugs entering the United States by eradicating raw materials for drug production where they are cultivated. Airplanes and helicopters allow for transportation of law enforcement personnel, critical supplies, and equipment to remote, underdeveloped, unsecured regions that would otherwise be inaccessible. Air reconnaissance assets are also an essential element in locating, identifying, and targeting drug activities and verifying operational results.

By working closely with host government personnel to instill aviation technical and management skills and transfer technology, the interregional aviation program supports the operational goal of enhancing political determination to combat illegal drug production and trafficking. This program builds long-lasting institutions that develop trained personnel with demonstrated abilities to assume increased responsibilities for counternarcotics air activities.

The interregional aviation program has made possible the tremendous expansion of aerial eradication in Colombia that, along with alternative development, is the backbone of that country's counternarcotics strategy. Besides supporting Colombian National Police aerial eradication activities, the interregional aviation program initiated and sustained the Colombian Army (COLAR) UH-1N helicopter program that provides air mobility to soldiers of the Counterdrug Battalions. The interregional aviation program that provides support to Peru and Bolivia has also been instrumental in continued net reduction of coca cultivation in those countries.

This program has provided support to other Latin American countries in identifying and curtailing drug cultivation through its Regional Aerial Reconnaissance and Eradication (RARE) program. In addition to keeping drug crop cultivation in check in Guatemala, Panama, Ecuador, Venezuela, Belize, and several other countries, this program has provided a capability to intercept drug smuggling aircraft, day or night, on a short-notice temporary deployment basis. The INL interregional aviation program has made many technical innovations to enhance safety and effectiveness of operations. The aviation program also established a technologically advanced system for identifying, plotting, and targeting coca cultivation using multi-spectral digital imaging.

In FY 2003, the interregional aviation program will continue to place special emphasis on the expansion of successful eradication efforts in Putumayo and other coca growing regions in Colombia. It will continue to provide flight operations and instruction, maintenance quality control, and repair parts support to the CNP to make possible a high sortie rate against illicit crops. Simultaneously, we will conduct training of police and military counternarcotics elements to make possible their assumption of increased responsibility for these areas. We will also continue to provide support for helicopter operations in Peru and Bolivia, and successful training and institution building will allow us to continue to reduce U.S. contractor presence in those countries. The interregional aviation program will continue to pursue technological innovations to improve aircraft performance and explore new variations of aircraft to enhance eradication capabilities at a reasonable cost.

The increase in the interregional aviation program budget request reflects growth in costs for continuation of the existing level of aviation support, as well as projected increased costs associated with the Andean Counterdrug Initiative (ACI). An extensive amount of aircraft equipment was added to the program via the FY 2000 Emergency Supplemental (33 UH-1N helicopters, up to 30 COLAR Huey-II helicopters, 12 additional spray planes, etc.). This additional equipment is expanding the contract support level beyond that for which supplemental and ACI-related funds are available.

Other Narcotics Programs
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
INCLE	33,187	40,703	36,563

International Organizations

U.S. support for multilateral organizations complements our bilateral programs by stimulating cooperation among countries and within regions. Multilateral approaches: highlight the international nature of the problems caused by drugs, crime, and terrorism; generate increased buy-in by more countries; broaden the base of support; and stimulate contributions from other donors. Multilateral programs can also reach regions where the United States is unable to operate bilaterally, for political or logistical reasons. In addition, activities or initiatives sponsored by the United Nations (UN), Organization of American States (OAS), and other multilateral organizations are often more palatable to those sensitive to sovereignty issues and bring the weight of the international community to bear on a problem or an issue of general concern.

INL provides funds to international organizations such as the UN International Drug Control Program (UNDCP) and the OAS Inter-American Drug Abuse Control Commission (CICAD), and through them to smaller sub-regional organizations and programs. These contributions help the USG maintain strategic leadership in focusing the international drug control effort and further the following U.S. objectives: create a political atmosphere motivating other countries to view drug control as a major foreign policy concern; assist countries to develop the institutional infrastructure to reduce the production, trafficking, and consumption of drugs by strengthening law enforcement agencies, modernizing judicial systems, and developing drug laws so that countries can investigate, prosecute, and punish major drug kingpins; use international organizations to plan and execute programs that expand multilateral cooperation; and advance U.S. international drug control goals in countries where there is limited U.S. presence.

FY 2003 will present numerous opportunities for the United States to capitalize and build on the international consensus for a coordinated and integrated approach to fighting illegal drugs, crime, and terrorism. Central and Southwest Asia will require significant resources to strengthen borders and law enforcement capabilities. We have stressed the importance of a UNDCP focus on this region. U.S. funds will also continue to be used to realize a decline in opium production in Burma and Southeast Asia, where we have limited bilateral access. Continued support will be required for effective programs elsewhere: to strengthen drug control institutions and regional cooperation in the NIS; provide law enforcement training, judicial assistance, and demand reduction assistance to Russia and Africa; and strengthen institutions to investigate, prosecute, and confine major drug traffickers in the Western Hemisphere. While CICAD has a solid track record in designing and implementing effective programs and has gained international donors, INL continues to be the largest funding source. The FY 2003 contributions will support a wide range of programs that promote regional cooperation and complement other INL programs in Latin America and the Caribbean.

Drug Awareness and Demand Reduction

The Drug Awareness and Demand Reduction program seeks to reduce the worldwide demand for illicit drugs by motivating foreign governments and institutions to give increased attention to the negative effects of drug abuse on society. It is important to note that additional funding for these activities comes from other program categories within the INL budget. The need for demand reduction is reflected in escalating drug use and abuse that takes a devastating toll on the health, welfare, security, and economic stability of all countries.

Assisting countries reduce drug consumption helps in a small, but important way, to preserve the stability. Facilitating support of USG counternarcotics policies overseas continues through public/private sector networks of demand reduction programs. This involves the development of coalitions of private/public social institutions, the faith community, and law enforcement entities to mobilize national and international opinion against the drug trade and encourage governments to implement strong anti-drug policies and programs. Continued funding will allow us to better mobilize international opinion and cooperation against the drug trade, encourage governments to develop and implement strong anti-drug policies and programs, and strengthen support for USG counternarcotics policies and initiatives.

The Demand Reduction Program budget request will: accommodate the continued need for training; enhance the development of international, regional, and national counternarcotics partnerships; and facilitate cross-cultural comparative research to improve U.S.-based services. At the policy level, the program will focus assistance on building and strengthening national-level counternarcotics institutions with the capacity to develop comprehensive policies, programs, and strategies. At the international and regional levels, the program will enhance regional and international coalitions of NGOs to mobilize international opinion against the drug trade and encourage governments to develop and implement strong anti-drug policies and programs. At the grassroots level, the program will continue to help establish and sustain strong community partnerships and coalitions of public and private sector programs for drug prevention, expand community mobilization efforts, and enhance effective community- and school-based prevention programs

Systems Support and Upgrades

The Systems Support and Upgrades program continues to work aggressively toward the strategic goal of significantly reducing the amount of illegal drugs entering the U.S. by providing technical engineering support for aircraft configurations and upgrades, training, and support for C-26 aircraft operations. The program's objectives are to: provide program cost savings through standardization of services; support and upgrade aviation performance characteristics through economy of scale procurement; and provide training, standardization, and technical support to those countries having received C-26 aircraft from the United States.

The Systems Support and Upgrade Project includes C-26 support and an airborne surveillance initiative. Through this funding, specialized systems that were previously not available will be provided to meet counternarcotics mission requirements in support of surveillance, detection, interdiction, and logistics. This project also allows INL to improve the performance characteristics of existing systems to better utilize their capability, extend their useful life, and increase the effectiveness of reconnaissance and interdiction efforts.

Program Development and Support

The Bureau for International Narcotics and Law Enforcement Affairs (INL) is charged with developing strategies and programs to achieve international counternarcotics and criminal justice foreign policy objectives. INL maintains a cadre of both domestic and overseas program and technical experts to carry out a wide range of initiatives. Washington personnel functions include, but are not limited to: international narcotics control and law enforcement policy formulation and implementation; coordination of policies and programs with other USG agencies and with other governments and international organizations; budget and financial management activities; program administration and analysis including development, implementation, oversight, and evaluation; contract, procurement, and information systems support; field assistance visits by program analysts and financial management and contracting/procurement personnel; sponsoring regional policy and program management conferences and seminars; and developing and providing training programs both domestically and overseas for embassy and INL personnel.

The Program Development and Support (PD&S) account funds the domestic administrative operating costs associated with the Washington-based INL staff. A major share of the PD&S budget is for salaries, benefits, and field travel of U.S. direct-hire employees, personal services contracts, rehired annuitants, reimbursable support personnel, and part-time staff. PD&S funds also support the INL information resource management system, telephones, office equipment, furniture and furnishings, printing and reproduction services, materials and supplies, and miscellaneous contractual service costs related to the provision of administrative support to allow bureau personnel to function effectively.

Anticrime Programs
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
INCLE	50,000	50,000	50,500

The international crime threat to U.S. interests is manifest across three broad, interrelated fronts: threats to Americans and their communities, threats to American businesses and financial institutions, and threats to global security and stability. The impact of international crime is felt directly on the streets and in the communities of the United States: hundreds of thousands of individuals enter the United States illegally each year, and there is wide-scale smuggling of drugs, firearms, stolen cars, child pornography, and other contraband across our borders. Criminals seek to protect their anonymity and their wealth by laundering their profits through the vast, complex, and unevenly regulated international banking and financial systems. We need to confront these activities and those who carry them out decisively with comprehensive, coordinated, and effective law enforcement, intelligence, and diplomatic efforts that include forging crime control alliances with our international partners. The Secretary of State mandated the Bureau of International Narcotics and Law Enforcement Affairs (INL) to fund, coordinate, and provide policy guidance for international crime control matters. INL's international crime control programs have several elements.

Anticrime Programs

The United States is making strides globally towards enhancing international cooperation in the fight against international organized crime. In FY 2001, over 6,800 law enforcement officers worldwide received training under INL's Anticrime Training and Technical Assistance Program. In addition to training, INL provides technical assistance, equipment, and other assistance to countries to combat transnational crimes such as alien smuggling, trafficking in stolen vehicles, illegal trafficking in small arms and firearms, trafficking in persons, and money laundering and other financial crimes. INL also has programs in anti-corruption, border controls, rule of law, critical infrastructure protection, and intellectual property rights. INL will continue these training and technical assistance programs in FY 2003.

INL uses federal, state, and local law enforcement agencies, the International Criminal Investigative Training Assistance Program (ICITAP), the Office of Overseas Prosecutorial Development and Training (OPDAT), and other organizations to provide law enforcement training programs and technical assistance to Russia and other countries in the NIS, Central and Eastern Europe, Latin America, Africa, and Asia. Multilateral organizations are another implementation mechanism, and INL provides contributions to several, including the UN Center for International Crime Prevention, the Financial Action Task Force, the Caribbean Financial Action Task Force, and the Group of States Against Corruption (GRECO), a group created under the auspices of the Council of Europe.

Civilian Police Program

U.S. participation in CIVPOL mobilizations requires a comprehensive program to recruit, screen, train, equip, pay, and support U.S. police officers deployed overseas. This program will provide the resources to maintain a voluntary reserve of some 2,000 personnel who will remain in their regular jobs until called for duty. After completing an initial training program, personnel will receive regular in-service training to maintain an appropriate level of readiness. The names of trained individuals will be maintained in a central U.S. database to draw upon when the need arises for fast mobilization of trained law enforcement personnel.

Africa Regional Anticrime Program

Most of the limited counternarcotics and anticrime funds spent to date in Africa have been focused on narcotics problems in Nigeria and South Africa. African criminal groups that operate in these countries are now spreading throughout the region and increasing their geographic diversification. Countries as disparate as Malawi, Ethiopia, and the Ivory Coast have become transit routes. Nigerian and South African criminal organizations have matured and become transnational concerns that exploit whatever weakness they can find or, with their growing sums of money, create. The law enforcement assault on these organizations must be region-wide and closely coordinated.

FY 2003 programs will continue to concentrate on Nigeria and southern Africa, but will also aid other governments and regional organizations. Training will remain paramount in the Africa program. Customs training, police science training, specialized training for counternarcotics units, demand reduction programs, technical assistance, and public education campaigns will account for the majority of Africa regional funding. Material assistance will continue through communications equipment, vehicles, computer databases, and other equipment being provided to police organizations that work closely with U.S. law enforcement on transnational crime problems that affect the United States.

International Law Enforcement Academies (ILEAs)

INL will continue to support the work of established ILEAs in Budapest, Bangkok, and Gaborone. The new facility for Gaborone should be completed during FY 2002. The facility at Roswell, New Mexico, should also be fully operational by the end of FY 2002. In addition, INL will negotiate the establishment of a new ILEA in Latin America. Other activities in FY 2003 will include developing and implementing initiatives targeted at the areas of growing international criminal activity which are not normally included in ILEA programs, and expanding the core curriculum and specialized training offered by the ILEAs to include hazardous waste dumping, smuggling proscribed hazardous materials, and trafficking in protected natural resources and endangered species.

Trafficking in Persons

Over 700,000 people – mostly women and children – are trafficked every year around the world for sexual exploitation, sweatshop labor, domestic servitude, and other forms of forced labor, including into the United States. Domestic violence comes in many different forms, whether as spousal, child or elder abuse, dowry deaths, or honor killings. We have begun to see linkages between domestic violence and trafficking. The United States has taken the lead internationally in giving violence against women and children a much higher foreign policy profile.

The State Department has established the Office to Monitor and Combat Trafficking in Persons. In addition to providing support for programs in this area, the Office is taking the lead in drafting the annual report to Congress on countries' efforts to meet minimum standards as outlined in the Victims of Trafficking and Violence Prevention Act of 2000.

In response to the alien smuggling and trafficking in persons problems, INL established a Migrant Smuggling and Trafficking in Persons Coordination Center in FY 2002. In FY 2003, INL will expand the capabilities of the Center by sponsoring regional conferences and providing funding for experts to conduct research in the field of alien smuggling.

Migration and Refugee Assistance
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
MRA	699,002	705,556	705,565

Humanitarian response is one of seven U.S. national interests and a distinct strategic goal in the U.S. International Affairs Strategic Plan. Within the Department of State, this goal is met primarily through providing financial support for protection and assistance activities for refugees and conflict victims. For refugees in particular, the United States seeks to provide support for durable solutions, including voluntary repatriation, local integration, and permanent resettlement. International efforts to manage migration flows humanely and effectively further support the humanitarian response goal. These activities also provide indirect support for foreign policy goals linked to national security, including regional stability, broad-based economic growth in developing and transitional economies, international peacekeeping in humanitarian emergencies, and global issues such as global health and protection of the environment.

Funds appropriated to the Migration and Refugee Assistance (MRA) account, as well as to the Emergency Refugee and Migration Assistance Fund (ERMA), are managed by the Department of State's Bureau of Population, Refugees, and Migration (PRM). MRA funds are appropriated annually in response to expected twelve-month requirements. The FY 2003 request for MRA will fund protection and assistance activities, admission of refugees to the United States, international migration activities including resettlement of humanitarian migrants to Israel, and administrative expenses of PRM.

Protection, Assistance, and Durable Solutions

To support global protection and assistance requirements for populations of concern, PRM focuses MRA funds on three priority areas:

- Promoting equal access to effective protection and assistance for refugees and conflict victims.
- Maintaining multilaterally coordinated mechanisms for effective and efficient humanitarian response at internationally accepted standards.
- Supporting voluntary repatriation and sustainable reintegration of refugees in the country of origin.

PRM obligates funds on the basis of geographic region (Africa, East Asia, Europe, the Near East, South Asia, and the Western Hemisphere). Primary partners in implementing the above priority activities are the UN High Commissioner for Refugees (UNHCR), the International Committee of the Red Cross, and the UN Relief and Works Agency for Palestine Refugees in the Near East. PRM cooperates with the World Food Program, the World Health Organization, the UN Children's Fund, the UN Development Program, and the UN Office for the Coordination of Humanitarian Affairs to address sector-specific concerns in emergency scenarios. Finally, PRM works closely with international non-governmental organizations (NGOs) across all regions to implement activities related to this goal. The six largest NGO recipients of MRA or ERMA funds for overseas assistance in FY 2001 were the International Rescue Committee, the American Refugee Committee, Mercy Corps International, CARE, the International Medical Corps, and Save the Children.

Refugee Admissions

To provide U.S. resettlement opportunities to refugees and encourage other countries to do so, PRM provides MRA funding to private U.S. voluntary agencies that conduct refugee processing and cultural orientation overseas and provide initial reception and placement services in the United States. MRA funds also support the International Organization for Migration (IOM), which provides transportation, processing, medical screening and cultural orientation for refugees coming to the United States. An on-going goal in FY 2003 is also to make U.S. admissions programs for refugees more responsive to critical refugee rescue needs through increased referrals by UNHCR, U.S. Embassies, and NGOs of refugees of special humanitarian concern to the United States.

International Migration

U.S. international migration policy aims to promote sound migration management, which balances governments' respect for the human rights of migrants with responsibility to maintain the security of borders. To support efforts to manage international migration flows humanely and effectively, PRM participates in a range of multilateral dialogues relating to migration and supports activities to promote international understanding of migration, with a special emphasis on protection of the basic human rights of migrants, asylum seekers, and victims of trafficking. PRM works closely with IOM, which works with governments, other international organizations, and voluntary agencies to provide for the orderly migration of persons in need of international migration services. IOM provides operational services for humanitarian migration and technical assistance to governments and others interested in the development of migration policy, legislation, and administration. PRM provides extensive support for humanitarian migration and integration of migrants to Israel (Refugees to Israel).

Administrative Expenses

PRM requires MRA funds to develop and maintain a skilled, diverse, and flexible workforce capable of achieving U.S. objectives and responding to international crises. The Bureau has a total of 112 permanent MRA-funded positions, of which 90 are in Washington and 22 are overseas in 21 locations. In addition, the budget request for the Department of State's Diplomatic and Consular Programs includes costs related to a staff of five permanent positions dedicated to international population activities.

Overseas Assistance
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
MRA	531,270	537,000	524,000

The FY 2002 and FY 2003 levels above do not reflect current program estimates. The current level for both years is 499,000.

MRA overseas assistance funding supports international protection for refugees and conflict victims; facilitates durable solutions, notably voluntary repatriation; and provides life-sustaining humanitarian assistance, where needed. Many nations hosting large groups of refugees and victims of conflict are among the world's least developed. The refugees' presence often strains limited resources and may result in serious problems that affect U.S. foreign policy interests.

Support for lasting solutions to refugee problems will be a continuing element of the assistance effort. FY 2003 funding will respond to programs as they evolve from care and maintenance in first asylum countries to self-sufficiency or repatriation. Funds may also be used to assist in the initial reintegration of refugees who have repatriated.

U.S. international migration policy aims to promote sound migration management, which balances governments' respect for the human rights of migrants with responsibility to maintain the security of territory. MRA funds will support activities to promote international understanding of migration with a special emphasis on protection.

U.S. refugee policy is based on the premise that the care of refugees and other conflict victims and the pursuit of permanent solutions for refugee crises are shared international responsibilities. Although just one of many donors, the United States is in most cases the largest individual donor. Most MRA overseas assistance funds will be contributed to programs administered by international organizations.

The primary recipients of U.S. contributions are listed below, and their major activities are discussed in the regional presentations that follow. U.S. support may be provided to other organizations as required to meet specific program needs and objectives.

- The United Nations High Commissioner for Refugees (UNHCR), PRM's principal international partner, has two basic and closely related aims: to protect refugees and to seek durable solutions for them (i.e., ways to help them restart their lives in a normal environment). In practice, this means ensuring respect for a refugee's basic human rights and ensuring that no person will be returned involuntarily to a country where he or she has reason to fear persecution. UNHCR promotes international refugee agreements and monitors government compliance with international refugee law and standards. Its staff work in a variety of locations ranging from capital cities to remote camps and border areas. There UNHCR attempts to provide protection and to minimize the threat of violence, including sexual assault, which many refugees are subject to, even in countries of asylum. The agency also provides refugees with basic necessities such as shelter, food, water, and medicine in emergencies. The durable solutions it promotes include voluntary repatriation, integration in the country of asylum ("local integration"), and resettlement in third countries. PRM will actively support voluntary repatriation where conditions in the country of origin are suitable. Such refugee solutions are key to maintaining the willingness of governments to offer first asylum. In 2003, it is anticipated that UNHCR will continue progress in orienting protection and assistance

activities toward refugee women and children, who comprise about 80 percent of most refugee populations.

- The International Committee of the Red Cross (ICRC) is an independent, internationally funded, humanitarian institution mandated under the Geneva Conventions, to which the United States is a party. The primary goals of the ICRC are to assist and protect civilian victims of armed conflict, trace missing persons, reunite separated family members, and disseminate information on the principles of humanitarian law.
- The United Nations Relief and Works Agency for Palestine Refugees in the Near East has a continuing mandate from the United Nations to provide educational, health, relief, and social assistance to the approximately 3.7 million registered Palestinian refugees located in Jordan, Syria, Lebanon, Gaza, and the West Bank.
- The International Organization for Migration (IOM) works with governments, other international organizations, and voluntary agencies to provide for the orderly migration of persons in need of international migration services. IOM provides operational services for humanitarian migration and technical assistance to governments and others interested in the development of migration policy, legislation, and administration.
- The World Food Program (WFP) is the principal vehicle for multilateral food aid within the UN system. WFP distributes commodities supplied by donor countries for protracted refugee and displaced person projects and emergency food assistance, as well as for development operations. MRA funds will be contributed to WFP toward the cash expenses of refugee feeding programs undertaken in cooperation with UNHCR. The U.S. Government provides food commodities to WFP under other appropriations.

In general, the Department intends to use the funds requested for FY 2003 to respond to the calendar year 2003 requirements of the organizations listed above. As assistance needs change during the course of the year, some organizations may find it necessary to issue new or increased appeals for funds. Therefore, this request may be used during the first quarter of the fiscal year to respond to urgent appeals that may be issued late in the 2002 calendar year. Programs of non-governmental organizations may commence at any point in the fiscal year, with funding provided for a twelve-month period.

The Department may reallocate funds between regions or organizations within the overseas assistance request in response to changing requirements.

Assistance Programs in Africa
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
MRA	190,900	195,600	195,600

The FY 2002 and FY 2003 levels above do not reflect current program estimates. The current level for both years is 187,500.

MRA assistance will contribute to the basic needs of refugees and conflict victims in Africa (both sub-Saharan and North Africa). Some 3.5 million of the world's refugees are spread across the African continent. While there have been some significant organized repatriations in 2001 and 2002 (e.g., to northern Somalia and Eritrea), and a large number of Sierra Leonean refugees fled home owing to insecurity in their countries of asylum (Guinea and Liberia), ongoing warfare in such places as Angola, Burundi, the Central African Republic, the Democratic Republic of Congo (DRC), Liberia, Senegal, Somalia, and Sudan have displaced hundreds of thousands of people and underscored the need for continued humanitarian assistance and protection. War has been declared officially over in Sierra Leone, which could lead to significant refugee repatriation; however, peace processes in Burundi and DRC have yet to make refugee returns a reality. Key challenges include how to deal with protracted refugee situations (e.g., Sudanese refugees in Ethiopia, Kenya, and Uganda; Western Saharan refugees in Algeria; even the more recent Burundi and Congolese refugees in Tanzania), concerns about the neutrality and security of refugee camps, and problems of humanitarian access.

United Nations High Commissioner for Refugees (UNHCR)

The U.S. contributions to UNHCR programs in Africa continue to fund protection and the most basic material assistance (e.g., water, sanitation, shelter, and health care) to save and maintain the lives of refugees and other conflict victims of concern to UNHCR. Protection, both legal and physical, including protection of women and children from sexual violence and protection from recruitment into armed conflicts, has become more challenging. Since humanitarian assistance has not always been up to basic international standards in such life-sustaining sectors as nutrition and water/sanitation, contributions to UNHCR and other implementing partners will continue to seek to address these gaps.

UNHCR will also pursue opportunities for permanent solutions for some refugee populations. In 2003, UNHCR is expected to finish repatriation and reintegration programs in Eritrea and northern Somalia; it is expected to be implementing returns to Sierra Leone and possibly to Burundi and DRC if there is a positive change in the peace processes. Repatriation assistance for returning refugees usually includes transportation home, a small package of household and agricultural items to facilitate the returnees' re-establishment, and limited rehabilitation of social infrastructure, such as clinics and water projects, in the home community. Permanent settlement, or at least local integration in the country of asylum, may be possible for some, e.g., Liberian refugees in Côte d'Ivoire. There will continue to be a focus on achieving a coordinated hand-off to development agencies that can most effectively deal with post-conflict reconstruction.

International Committee of the Red Cross (ICRC)

ICRC, often in partnership with other elements of the International Red Cross movement, is called upon to provide relief and medical assistance in the most difficult and dangerous areas of countries caught up in armed conflict. In these contexts, success depends largely on securing the cooperation of the warring parties. This sensitive task has become even more difficult in recent times, as the principle of neutral humanitarian assistance has been increasingly rejected by parties to conflict, sometimes resulting in the

murder of aid workers as happened with ICRC delegates in northern DRC in 2001. The ICRC program in Africa provides relief and medical assistance to conflict victims and displaced persons, and assistance to political prisoners and prisoners of war. ICRC also undertakes tracing services (for detainees and family members separated by conflict.) The largest programs have been in Angola, Burundi, Congo, Ethiopia, Eritrea, Guinea, Liberia, Rwanda, Sierra Leone, Somalia, Sudan, and Uganda.

World Food Program (WFP)

In recent years, contributions to WFP have supported feeding programs for: Sierra Leonean and Liberian refugees in Guinea; Sierra Leonean returnees; Ethiopian and Eritrean refugees in Sudan; Somali refugees in Ethiopia, Djibouti, and Kenya; Sudanese refugees in Uganda, Ethiopia, and Kenya; Angolan refugees in Zambia and Namibia; Congolese refugees in Tanzania and Zambia; Central African refugees in the Democratic Republic of Congo; Burundi refugees in Tanzania; and Western Saharan refugees in Algeria. In FY 2003, funds may be contributed to WFP for expenses of such programs undertaken in conjunction with UNHCR, including local/regional purchase of food to fill nutritional gaps.

Other International Organizations and NGOs

NGOs are key partners with international organizations in Africa, often in specialized areas such as health care, food distribution, education, and other assistance for children. Funds will be provided directly to NGOs to complement the programs of UNHCR and to address the need to bring basic assistance up to international life-sustaining standards of care. As examples, NGO efforts to augment health care for refugees will be supported in Guinea, Kenya, Tanzania, Uganda, and Zambia. NGO programs to promote refugee and returnee self-sufficiency will be supported in Eritrean Guinea, Sierra Leone, Somalia, and Zambia. UNICEF, IOM, and other international organizations may also receive funding for complementary assistance.

Assistance Programs in East Asia
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
MRA	21,223	15,800	15,500

The FY 2002 level above does not reflect the current program estimate, which is 17,000.

The largest group of refugees in East Asia continues to be Burmese. Of the Rohingya refugees who fled to Bangladesh from Burma in late 1991 to mid-1992, over 230,000 had voluntarily repatriated and small-scale repatriation was continuing at the beginning of 2002. Those remaining in Bangladesh at the end of the organized repatriation (an estimated 15,000) will need a durable solution. UNHCR is negotiating with the Government of Bangladesh about this caseload.

At the beginning of 2002, about 135,000 refugees from a variety of ethnic groups in Burma still resided in camps in Thailand to which they had fled to escape attacks by the Burmese army and its allies as well as from general persecution, such as forced labor. The Thai Government continues to cooperate with UNHCR on the registration and protection of refugee camp populations.

United Nations High Commissioner for Refugees (UNHCR)

By the beginning of 2002, Burmese and residual Timorese refugees were the largest caseloads of concern to UNHCR. U.S. contributions to UNHCR will include funds to provide access to asylum seekers in border camps and to ensure that Thailand admits and receives new arrivals in a fair and transparent manner that accords with international standards. U.S. contributions will also cover reintegration and recovery needs for East Timorese and for Burmese refugees who returned from Bangladesh.

International Committee of the Red Cross (ICRC)

U.S. contributions to ICRC support ongoing programs, such as visits to detainees and emergency relief and medical care for conflict victims. Armed conflict in Southeast Asia tends to be localized (e.g., Aceh and Irian Jaya in Indonesia). Regional ICRC delegations throughout East Asia largely concentrate on core activities of protection, tracing, dissemination, and medical assistance, such as the provision of prosthetics.

World Food Program (WFP)

Funds may be contributed to WFP for programs undertaken in cooperation with UNHCR. For example, WFP contributes to feeding programs for Rohingya refugees in Bangladesh and assistance to returned Timorese.

Other International Organizations and NGOs

Burmese refugees in Thailand are assisted by NGOs that implement public health programs, including water and sanitation and skills training, and provide food aid as well as some basic household assistance, such as blankets and mosquito nets. The FY 2003 request will continue funding NGOs working in Thailand along the Burmese border, as well as international organization and NGO programs that deliver services to refugees, asylum seekers, and repatriates to address needs not covered by the programs of international organizations outlined above.

Assistance Programs in Europe
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
MRA	104,153	88,000	77,000

The FY 2002 level above does not reflect the current program estimate, which is 79,000.

The FY 2003 request for MRA assistance in Europe, including the New Independent States (NIS) of the former Soviet Union, reflects primarily an improving refugee situation in the Balkans.

In Kosovo, the international community will continue to support efforts to stabilize and protect ethnic minority communities and facilitate returns from Serbia and Montenegro to Kosovo as conditions allow. Approximately 220,000 people from ethnic minorities remain displaced from Kosovo. Conflict in Macedonia in 2001 created new displacements in the region, and the progress of peace implementation will need to be closely monitored as the situation remains fragile. After four years of large-scale refugee returns in Bosnia and Croatia, we expect that by 2003 most people who plan to return will have done so. We will be scaling back our assistance accordingly, although support for UNHCR's reduced monitoring and protection programs will remain important.

In the former Soviet Union, the transformation from Soviet rule to independent states continues to be a volatile process. Some nine million people in the NIS are refugees, displaced persons, repatriates, or other migrants. Fighting in Chechnya, which started in 1999, displaced as many as 330,000 people who continue to need immediate care and maintenance and eventually will require reintegration assistance. The North Caucasus region of the Russian Federation, which had tens of thousands of IDPs and refugees from several conflicts even before the latest fighting, will continue to be an unstable region prone to outbreaks of violence. Despite the peace accord signed in Tajikistan in 1997, poverty and insecurity wrack this nation and hamper efforts to reintegrate some 80,000 returned refugees. In addition, there has been little progress in resolving the conflict over Abkhazia, which affects some 270,000 IDPs. Recent peace talks on Nagorno-Karabakh are more promising and could help resolve the fate of some of the one million internally displaced persons and refugees this year. With the radically changed situation in Afghanistan, we expect that many of the 130,000 Afghan refugees in the former Soviet Union – Tajikistan, Uzbekistan, Turkmenistan, Azerbaijan, and, above all, Russia (100,000 in Russia alone) – will be considering repatriation, with UNHCR assistance, in 2002.

United Nations High Commissioner for Refugees (UNHCR)

In FY 2003, UNHCR's programs in Bosnia and Croatia will be significantly downsized and will offer sharply reduced levels of protection, legal aid, and basic humanitarian assistance for the return of refugees and IDPs affected by the 1991-95 wars. Given new opportunities to promote durable solutions in the Federal Republic of Yugoslavia, UNHCR will focus on protection, legal assistance, information, and reintegration assistance to refugees and assistance to returning Kosovar IDPs. UNHCR will also continue to provide more limited humanitarian assistance, such as basic hygiene and food provisions, to those unable to return in 2001 and 2002. UNHCR programs seek to stabilize ethnic minority communities by building cross-ethnic understanding and creating the economic conditions to sustain the minority populations.

International Committee of the Red Cross (ICRC)

In the former Yugoslavia, ICRC plays a unique role among international agencies by facilitating exchange of information on missing persons, conducting prison visits, and building the capacity of local Red Cross

societies. ICRC will also continue limited relief activities to the most vulnerable in FY 2002. ICRC continues to play a lead role in conflict situations on the Kosovo/Macedonia border and Kosovo/Serbia boundary.

In FY 2002 we will continue to support ICRC's programs in the NIS, including emergency assistance, ICRC's innovative tolerance education programs, and promotion of basic principles of international humanitarian law. U.S. support for ICRC enabled it to respond immediately to the humanitarian needs of IDPs who fled fighting in Chechnya starting in 1999 and to maintain important activities there despite the difficult security situation.

World Food Program (WFP)

MRA funds will support WFP programs undertaken in cooperation with UNHCR. WFP will continue to provide food and coordinate food supplies for the most vulnerable persons of concern in FY 2002. WFP programs are phasing down in the South Caucasus and most of Central Asia. We expect that WFP programs will still be needed in FY 2003 primarily for IDPs in the North Caucasus and returnees in Tajikistan.

Other International Organizations and NGOs

Our partnership with other international and non-governmental organizations in the former Yugoslavia is unprecedented. Continued but decreased funding will be required to support these organizations as they facilitate return and provide assistance to refugees and IDPs in the Balkans. NGOs serve as implementing partners for UNHCR assistance and repatriation efforts, and they cooperate with other donors/partners to target specific populations. For example, the Department of State has funded NGOs to promote economic development of minority communities in Kosovo to provide livelihood options for returnees from Serbia.

In the NIS, funding to NGOs is primarily used to support emergency refugee and IDP needs not covered by UNHCR and ICRC. NGO programs focus on building the capacity of their local NGO partners and encouraging self-sufficiency for refugee and IDP communities. PRM intends to continue NGO programming for activities such as health care and emergency shelter in the North Caucasus into FY 2003, though likely at a reduced level.

Assistance Programs in the Near East
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
MRA	106,959	103,400	103,400

The FY 2002 and FY 2003 levels above do not reflect current program estimates. The current level for both years is 102,500.

The major focus for assistance in the Near East continues to be the long-standing Palestinian refugee population, which is assisted primarily through the UN Relief and Works Agency for Palestine Refugees in the Near East (UNRWA). UNRWA is mandated by the United Nations to assist Palestinian refugees in Jordan, Syria, Lebanon, Gaza, and the West Bank. Over 3.7 million refugees are registered with UNRWA, which provides education, medical assistance, and relief and social services. UNRWA schools and vocational training centers are leading factors in helping Palestinian refugees become economically self-reliant. Since UNRWA began operations in 1950, the United States has been a major contributor toward its programs. U.S. Government funding helps to provide some stability in the lives of the Palestinian refugee population in the region and contributes to a climate conducive to a peaceful resolution of regional problems.

United Nations High Commissioner for Refugees (UNHCR)

UNHCR supports about 13.5 million refugees throughout the Near East, including large programs in Iraq, Yemen, and Syria. Refugees in Lebanon, Saudi Arabia, Jordan, and other countries continue to require protection and monitoring. Somali refugees in Yemen continue to receive UNHCR support. Throughout the Near East, UNHCR provides care and maintenance assistance with emphasis on the special needs of women and children, counsels repatriation candidates, conducts status determination interviews and resettlement processing, negotiates with host governments regarding conditions for refugees, provides some vocational skills training and self-help activities, and has introduced refugee law courses in national universities.

International Committee of the Red Cross (ICRC)

Throughout the Near East, ICRC activities are directed at civilian victims of conflict, people deprived of their freedom (prisoners of war), wounded and sick, missing persons, civil society, national Red Crescent Societies, government authorities, and national armed forces. In Iran and Iraq, ICRC brings together government authorities to work on the issue of release and repatriation of POWs from the Iran-Iraq war. ICRC cooperates with national societies on the dissemination of international humanitarian law and on strengthening their tracing services. It runs prosthetic/orthotic centers and trains technicians in this work. ICRC is often the only international humanitarian organization that is able to access areas of civil strife to provide needed medical and other assistance to conflict victims and displaced persons. ICRC's emergency programs will continue to provide emergency shelter, food and water, medical care, and protection to civilians displaced by conflict in the region.

Other International Organizations and NGOs

Funds may be contributed for special projects of international organizations or NGOs designed to complement the assistance efforts of international organizations or to meet special needs of refugees in the region. For example, in FY 2003, PRM will consider funding for a project that would assist refugees in Lebanon with information about and access to social services pending their resettlement processing.

Assistance Programs in South Asia
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
MRA	35,840	45,500	45,500
ERF-MRA	0	100,000	0

The FY 2002 and FY 2003 levels above do not reflect current program estimates. Current levels are 25,500 and 30,300, respectively.

The largest refugee group in South Asia continues to be the approximately 3.5 million Afghan refugees in Pakistan and Iran. The circumstances of this group have changed significantly with the fall of the Taliban government and the installation of an interim authority in December 2001. We are currently anticipating significant repatriation and reintegration activities for this group in FY02 and FY03. Although international assistance programs withdrew international staff during the coalition campaign against al Qaeda and the Taliban, those programs continued to provide food and assistance to desperate Afghans. Most international staff had returned to Afghanistan despite continuing pockets of insecurity at the beginning of 2002.

During the coalition bombing campaign, the government of Pakistan closed the border to prevent large inflows of Afghans. Nevertheless, about 150,000 refugees reached Pakistan and disappeared into the cities or old refugee camps. The 70,000 to 80,000 Afghans who were camped out in a makeshift site with little UNHCR assistance at the beginning of 2001 were resettled into new camps at the beginning of 2002.

In eastern Nepal, over 92,000 (out of some 110,000) registered Bhutanese refugees remained in six camps in eastern Nepal at the beginning of 2002. Talks in 2000 between the two governments aimed at finding a resolution to the citizenship issues surrounding these refugees finally began to bear fruit. Pursuant to the agreement reached between the two governments in 2000 on citizenship issues, joint Bhutan-Nepal verification of the refugees' identity and citizenship began in early 2001.

Of the original 120,000 Tamil refugees who fled to India from Sri Lanka in June 1990 as a result of ethnic violence, approximately 65,000 refugees remain in camps in India's southern Tamil Nadu State. Voluntary repatriation continues to be stalled as the ongoing conflict in Sri Lanka persists. India is host to over 130,000 Tibetan refugees. Approximately 2,500 new Tibetan refugees arrive in India each year.

United Nations High Commissioner for Refugees (UNHCR)

The primary focus of the United States with regard to UNHCR programs in South Asia will be support for voluntary repatriation and reintegration of Afghan refugees and internally displaced persons in Afghanistan as soon as conditions permit. Support for protection and assistance for the most vulnerable refugee groups remaining in Pakistan and Iran will continue, with special attention to the needs of refugee women and girls, especially in health and education. UNHCR is also concerned with the internally displaced (IDPs) in Sri Lanka. UNHCR provides the newly displaced with relief items such as plastic sheeting and domestic items, tries to ensure access to basic health services, and complements assistance provided in government welfare centers. In Nepal, UNHCR's presence supports Tibetan refugees in transit to India as well as the Bhutanese refugee population. UNHCR provides transiting Tibetan refugees food, shelter, and health care. UNHCR also maintains a Reception Center for Tibetan refugees in Katmandu. The 100,000 Bhutanese refugees in seven refugee camps receive protection and assistance from UNHCR, including primary education for all refugee children in the camps and teacher training, kerosene for cooking in order to reduce environmental degradation, and income generating and skills projects.

International Committee of the Red Cross (ICRC)

ICRC is expected to maintain programs for victims of the Afghan conflict with a focus on emergency medical assistance and visits to detainees. ICRC runs a number of surgical and field hospitals for war-wounded Afghans and operates orthopedic centers that provide complete rehabilitative services to the disabled. ICRC also provides emergency non-food assistance to the internally displaced and vulnerable, as well as water and sanitation projects in urban areas. Protection and tracing activities are important aspects of ICRC's Afghan Conflict Victims program.

ICRC is also involved in protection, tracing, medical assistance, and human rights training in Sri Lanka as well as protection of detainees and conflict victims in Kashmir. With no resolution to those conflicts in sight, support for ICRC's critical humanitarian efforts through U.S. contributions to its regional appeal will continue.

World Food Program (WFP)

In recent years, U.S. contributions to WFP have supported feeding programs for Afghan refugees and repatriates and Bhutanese refugees. In FY 2003, the State Department may contribute funds to WFP for such programs undertaken in cooperation with UNHCR. The Department also provides funds to WFP for logistical support in Afghanistan.

Other International Organizations and NGOs

Funding to other international organizations and NGOs to supplement the repatriation and reintegration assistance to Afghan refugees will be considered. The Department will look favorably on projects that address education, water and sanitation, health, and shelter - key elements in anchoring returnees in their communities. The Department will also continue to give special attention to the needs of Afghan women and girls, particularly through health and education projects implemented by NGOs.

Assistance Programs in the Western Hemisphere
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
MRA	13,626	15,000	14,700

The FY 2002 and FY 2003 levels above do not reflect current program estimates. The current level for both years is 14,500.

In addition to the MRA assistance for the Western Hemisphere, the State Department's Bureau of Population, Refugees, and Migration administers funding from the Andean Counterdrug Initiative to address the immediate needs of internally displaced persons (IDPs) in Colombia. Violence is on the rise in Colombia, as are the numbers of IDPs and refugees in need of humanitarian assistance and protection. International organizations continue to provide assistance to IDPs, including the World Food Program (WFP), the UN Children's Fund (UNICEF), and the Pan American Health Organization (PAHO). Additionally, several American NGOs are partnering with Colombian NGOs to provide aid. While Colombia represents the most significant humanitarian assistance requirement in this region, ongoing UNHCR and ICRC programs of protection and humanitarian law dissemination throughout the hemisphere are needed to maintain a capacity for dealing with refugee needs now and in the future. UNHCR training workshops in the Caribbean are particularly important, as UNHCR has no permanent staff in the region, operating through a system of "honorary liaisons."

United Nations High Commissioner for Refugees (UNHCR)

U.S. contributions will help support UNHCR programs that directly assist the small numbers of refugees throughout the hemisphere and work with states to put in place effective protection regimes. UNHCR is also carrying out a modest program in Colombia to assist the government in responding to the assistance and protection needs of IDPs. UNHCR activities in Colombia include technical support and training for employees of the National Registration System and the official IDP assistance agency, the Social Solidarity Network. In addition, the agency works with local government and indigenous organizations to enhance local capacity, improve emergency response and contingency planning, and disseminate information on IDP rights under the law. In neighboring countries, UNHCR works with host governments to promote refugee-related legislation, support NGO and local government refugee response, and facilitate voluntary returns of Colombian refugees.

International Committee of the Red Cross (ICRC)

Funds will be contributed to ICRC assistance programs in Central and South America, primarily for Colombia, Mexico, and Peru, and for its network of four regional offices and delegations. With fewer active conflicts in the region, ICRC's emergency relief to conflict victims, aid to prisoners of war, and tracing activities have decreased somewhat (with the notable exception of Colombia), enabling ICRC to focus on prison visits and promotion of international humanitarian law. ICRC is the primary provider of emergency assistance to IDPs in Colombia.

Other International Organizations and NGOs

The Department may consider funding other relevant international organizations and NGOs, as required, to meet special needs for assistance to refugees, IDPs, and migrants in the region and/or complement the assistance efforts of the international organizations outlined above. The Department may consider continued funding support to sector-specific programs such as WFP's supplemental feedings for Colombian

IDP women and children, UNICEF's child-oriented prevention program, PAHO's capacity-building efforts in the health sector, and NGO projects to enhance delivery of integrated temporary shelter and emergency assistance for IDP communities.

Multiregional Activities
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
MRA	58,569	57,700	56,600

The FY 2002 and FY 2003 levels above do not reflect current program estimates. The current level for both years is 56,000.

The request for MRA multiregional funding will provide U.S. contributions to the headquarters budget of the International Committee of the Red Cross (ICRC), the headquarters and global program costs of the United Nations High Commissioner for Refugees (UNHCR), and the multiregional refugee activities of international or non-governmental organizations.

Funding for the ICRC headquarters budget covers the permanent activities carried out by ICRC staff at the Geneva headquarters only; field-related costs are normally attributed to the regional appeals. The contribution will be calculated at not less than 10 percent of the 2003 ICRC headquarters budget in accordance with the Foreign Relations Authorization Act of 1988 and 1989. The ICRC headquarters budget is funded through voluntary contributions by governments and national societies of the Red Cross. U.S. contributions to ICRC's regional emergency appeals are described under the previous regional sections of this document. (The ICRC contribution is paid in Swiss francs, and the dollar amount will vary according to the exchange rate at the time of payment.)

Multiregional funding supports activities of international and non-governmental organizations that do not appear in any specific regional program (e.g., centrally-funded, multiregional activities). Multiregional program activities include interagency coordination efforts, emergency response units of international organizations, and special studies. This funding will also be used to support efforts to integrate the special needs of refugee women and children in the program and budget planning process of the international organizations and non-governmental agencies engaged in providing refugee assistance overseas.

The multiregional program also supports positions held by Americans with UNHCR, the International Organization for Migration, and the World Food Program, through Junior Professional Officer (JPO) programs. The United States provides unearmarked funding to the UNHCR General Program (from which many of the above activities are funded) under this activity, in addition to the funds provided to UNHCR through region-specific allocations discussed previously.

Migration
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
MRA	0	16,000	15,700

The FY 2002 level above does not reflect the current program estimate, which is 17,000.

International migration activities include cooperation with other governments and with international and non-governmental organizations to understand the root causes of migration, particularly at the regional level, and to encourage humane and effective migration management. The International Organization for Migration (IOM) is the chief international organization through which the U.S. funds for migration activities are disbursed. The FY 2003 request for migration activities includes our annual assessed contribution to IOM. As a member of IOM, as authorized in the Migration and Refugee Assistance Act of 1962, the United States pays a 26.327 percent assessment to the organization's administrative budget. (The IOM assessed contribution is paid in Swiss francs, and the dollar amount will vary according to the exchange rate at the time of payment.)

A principal migration activity is participation in and support for multilateral migration dialogues. Since 1996, the United States has been involved in the Regional Conference on Migration (RCM), a forum where eleven North and Central American governments (and the Dominican Republic) discuss and cooperate on common migration challenges. In FY 2001, the Bureau of Population, Refugees, and Migration (PRM) also completed the U.S. commitment to serve as "Responsible Coordinator" in implementing the migrant worker initiative originating in the Santiago (Chile) Summit of the Americas Action Plan. In addition, the United States participates in the "Intergovernmental Consultations on Asylum, Refugee, and Migration Policies in Europe, North America, and Australia" (IGC), an informal channel for senior and mid-level policy officials from the United States, Canada, Australia, and European countries to exchange views and share information. In Africa, we support nascent migration dialogues among members of the Economic Community of West African States (ECOWAS) and member states of the Southern African Development Community (SADC).

Migration and asylum also figure prominently on the foreign policy agenda of our discussions with Europe and the NIS. "Justice and Home Affairs" issues are increasingly important in the dialogue between the United States and the European Union (EU). PRM will continue its efforts to advance cooperation with the EU member states and the European Commission on migration issues with a special focus on protection. PRM has also supported efforts to develop effective and humane migration management systems in the New Independent States (NIS).

Finally, assistance in this category will be provided to support the international migration policy goals for which PRM has primary responsibility, especially the promotion of the human rights of vulnerable migrants, including asylum seekers and victims of trafficking. Anti-trafficking programming will be closely coordinated with the State Department's new Office to Monitor and Combat Trafficking in Persons and other U.S. anti-trafficking efforts, including work done by law enforcement entities.

Refugee Admissions
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
MRA	92,854	92,000	105,000

The FY 2002 and FY 2003 levels above do not reflect current program estimates. The current level for both years is 130,000.

The President, following the annual consultation process with Congress later in FY 2002, will determine the FY 2003 number of refugee admissions and the regional allocations. The specific regional ceilings established in the consultations process will be based on an assessment of worldwide refugee needs at that time. The request will fund all related refugee admissions activities and the processing and transportation of a small number of Amerasian immigrants. In FY 2003, the State Department's Bureau of Population, Refugees, and Migration will continue to give priority to enhancing accessibility to the refugee admissions program by individuals in need of the protection afforded by resettlement and to enhancing the quality of the initial resettlement services received by each arriving refugee. Actual U.S. refugee admissions for FY 2001 and the established FY 2002 ceilings are shown in the following table:

Geographic Region	FY 2001 Actual	FY 2002 Ceiling
Africa	19,011	22,000
East Asia	3,725	4,000
Former Yugoslavia	15,774	9,000
NIS/Baltics	15,257	17,000
Latin America/Caribbean	2,973	3,000
Near East/South Asia	12,056	15,000
Total	68,796	70,000

Africa

Admissions of African refugees increased approximately 10 percent in FY 2001 to 19,011 refugees. Reflecting the size of the refugee population in Africa, as well as the unfortunate deterioration in refugee protection in some locations, admissions of African refugees have increased three-fold since FY 1997. African refugees of any nationality who are referred for resettlement by the UN High Commissioner for Refugees (UNHCR) or a U.S. Embassy will be processed. Several specific groups have been identified as of special humanitarian concern including a sizeable population of Somali Bantu. In addition, refugees from some countries undergoing active or recently concluded armed conflict will be eligible for family reunification processing.

East Asia

For 20 years under the Orderly Departure Program from Vietnam, refugee cases were processed for those with close ties to the United States, with particular emphasis on former re-education center detainees and Amerasians. In addition, since FY 1997, the United States has processed for refugee admission some 19,000 Vietnamese applicants under the Resettlement Opportunity for Vietnamese Returnees. In FY 2003, we expect to address residual cases as well as the needs of new Vietnamese protection cases.

In FY 2003 it is expected that small numbers of Burmese and refugees from other Asian countries will also be processed.

Europe

The FY 2003 program will include primarily persons from the former Soviet Union and small numbers of persons from the republics of the former Yugoslavia. Interruptions in processing during FY 2002, particularly in Moscow, have created a backlog of un interviewed religious minority "Lautenberg" cases that will require admissions places in FY 2003.

Admissions from the former Soviet Union will be primarily persons of special interest to the United States. These include Jews, Evangelical Christians, and certain Ukrainian religious activists. The Department of State will continue to closely monitor the situation of religious minorities in Russia. Admissions from the former Yugoslavia will emphasize vulnerable cases, and other refugees for whom repatriation/reintegration is not a viable option.

Near East and South Asia

In FY 2003, admissions of Iranians (primarily religious minorities), Iraqis, and small numbers of other nationalities are expected to continue. We are prepared to continue to admit vulnerable Afghans. As the situation in the region is rapidly evolving, however, it is unclear what level of Afghan admissions will be needed.

Latin America and the Caribbean

The program in this region primarily supports the admission of Cubans. The in-country Cuban refugee processing program is designed to allow those individuals most likely to qualify as refugees the opportunity to have their claims heard without resorting to dangerous boat departures. Nationals of other countries, such as Colombia, will be considered if referred by a U.S. Embassy or UNHCR.

Summary of Costs

The funds requested for FY 2003 are directly related to costs incurred on behalf of refugees whose actual admission will occur in FY 2003 or in 2004. After the Immigration and Naturalization Service (INS) approves a refugee, the refugee receives a medical examination, sponsorship in the United States is assured, travel arrangements are prepared, and all other steps necessary for admission to the United States are completed. Most transportation and Reception and Placement costs are incurred when the refugee departs the asylum country for resettlement in the United States. Funds also are used to support all ongoing activities related to admissions, such as case identification and pre-screening of refugee applicants, processing of applicant case files, medical examinations, and overseas orientation.

The budget request for refugee admissions funds the programs described below. Funds may also be used for the evaluation of these programs.

Amerasian Admissions Costs

Within the total admissions request, sufficient funds have been included to cover the admissions costs of Amerasian immigrants and their qualifying family members. The small numbers of Amerasian immigrants who enter under the provisions of Section 584 of the FY 1988 Further Continuing Resolution to the Appropriations Act, P.L.100-202, receive the same services provided to refugees.

Processing

The Department funds voluntary agencies and the International Organization for Migration (IOM) to assist with the processing of refugees worldwide for resettlement in the United States. Processing responsibilities include screening applicants to assess their eligibility for interview by INS adjudicators under the U.S. refugee program. Some applicants interviewed by INS are not approved for U.S. resettlement. Therefore, more cases are processed during the course of the year than will actually be admitted to the United States as refugees in that year. For approved refugees, processing funds also are used to pay for medical examinations, cultural orientation materials and briefings, and required travel documentation.

In addition to overseas processing operations, the Department funds certain services performed in the United States that are essential to the smooth and efficient operation of the admissions process. This includes maintaining a U.S.-based Refugee Processing Center, which manages the refugee admissions database and case allocation and sponsorship functions. Deployment of the computerized Worldwide Refugee Admissions Processing System (WRAPS) will be completed in FY 2003, streamlining all aspects of refugee processing.

Transportation and Related Services

For FY 2003, the Administration requests funds for transportation and related services provided by IOM in support of the U.S. admissions program. This activity includes funding for international and domestic airfares, IOM operational support, communications, and transit accommodations where required. The cost of airfare is provided to refugees on a loan basis; beneficiaries are responsible for repaying their loans over time after resettlement. Therefore, the requirement for appropriated funds for refugee transportation in any given year is partially offset by loan repayments to IOM from refugees previously resettled. In addition, some refugees, primarily from the former Soviet Union, will elect to travel on tickets purchased with private funds.

Reception and Placement Program

Through the Department's Reception and Placement program (R&P), private voluntary agencies receive funds to provide basic services to refugees for initial resettlement in the United States. These agencies are expected to augment federal funds by drawing on private cash and in-kind contributions that are essential to the success of this program. Services include pre-arrival planning, reception at the airport, initial provision of basic necessities, including housing, food and clothing, orientation to their communities, counseling, and referral to local social service programs.

In an effort to strengthen program oversight and improve the quality of services provided to resettled refugees, the Department and the voluntary agencies in FY 2001 developed "operational guidance" which better defines the standards agencies are expected to meet in carrying out their R&P responsibilities. The Department is continuing to explore ways to expand its program monitoring efforts.

The Department coordinates with the domestic refugee assistance programs administered by the Office of Refugee Resettlement in the Department of Health and Human Services (HHS/ORR).

Refugees to Israel
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
MRA	59,868	60,000	60,000

The FY 2003 request includes funding to support resettlement in Israel through a grant to the United Israel Appeal (UIA). This grant helps finance programs of the Jewish Agency for Israel that assist in the absorption into Israeli society of Jewish humanitarian migrants coming to Israel from the former Soviet Union and certain countries of distress.

MRA Administrative Expenses
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
MRA	15,010	16,556	16,565

The FY 2003 request for administrative expenses will finance the salaries and operating costs associated with a staff of 112 permanent positions in the Bureau of Population, Refugees, and Migration (PRM). This staff, both overseas and domestic, manages the resources and array of issues for which PRM is responsible. Overseas staff manage important humanitarian and refugee responsibilities. They work with PRM Washington to address comprehensively national interests, PRM goals, and embassy objectives and to respond effectively to emergency situations in their areas or responsibility. Domestic staff direct diplomatic initiatives and policy development, address program design, monitor and evaluate operational activities, and maintain an equally important policy liaison role, supporting other parts of the Department of State in integrating refugee and humanitarian issues into broader regional foreign policy concerns.

The State Department's Diplomatic and Consular Programs (D&CP) account includes costs related to a staff of five permanent positions dedicated to international population activities.

U.S. Emergency Refugee and Migration Assistance Fund
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
ERMA	14,967	15,000	15,000

The U.S. Emergency Refugee and Migration Assistance Fund (ERMA) is a no-year appropriation, drawn upon by the President to meet “unexpected urgent refugee and migration needs” whenever the President determines that it is “important to the national interest” to do so. The Migration and Refugee Assistance Act of 1962, as amended, provides permanent authorization for the account of up to \$100 million. The FY 2003 request will provide the flexibility needed to respond to unexpected refugee and migration emergencies.

In FY 2001 and FY 2002 (as of February 2002), a total of \$107 million was drawn down from the ERMA Fund for the following needs:

Africa

Presidential Determination 2001-22:

On July 26, 2001, \$12 million was authorized to meet the urgent and unexpected needs associated with the crises in Guinea and Sierra Leone.

Presidential Determination 2001-22:

On July 26, 2001, \$3.5 million was authorized to meet urgent and unexpected needs associated with the repatriation of Eritrean refugees from Sudan to Eritrea.

Presidential Determination 2001-05:

On December 15, 2000, \$5 million was authorized to meet the urgent and unexpected needs of refugees, displaced persons, victims of conflict, and other persons at risk due to the crisis in Guinea.

Presidential Determination 2001-05:

On December 15, 2000, \$10 million was authorized to meet urgent and unexpected needs of refugees, displaced persons, victims of conflict, and other persons at risk due to the crisis in the Democratic Republic of Congo.

Europe

Presidential Determination 2001-10:

On January 17, 2001, \$20 million was authorized to meet the urgent and unexpected needs of refugees, displaced persons, victims of conflict and other persons at risk in the Balkans.

Presidential Determination 2001-05:

On December 15, 2000, \$3.2 million was authorized to meet the urgent and unexpected needs of refugees, displaced persons, victims of conflict and other persons at risk in the North Caucasus.

Presidential Determination 2001-05:

On December 15, 2000, \$5 million was authorized to meet the urgent and unexpected needs of refugees, displaced persons, victims of conflict and other persons at risk in Serbia.

Near East

Presidential Determination 2001-05:

On December 15, 2000, \$8.8 million was authorized to meet the urgent and unexpected needs of refugees, displaced persons, victims of conflict, and other persons at risk due to the crisis in the West Bank and Gaza.

South Asia

Presidential Determination 2001-30:

On September 28, 2001, \$25 million was authorized to meet the urgent and unexpected refugee and migration needs of a new exodus of refugees from Afghanistan. (Note that while the Presidential Determination was signed in FY 2001, funds were not drawn down until FY 2002.)

Presidential Determination 2001-22:

On July 26, 2001, \$6.5 million was authorized to meet the unexpected needs of displaced Afghans, who are fleeing persecution, conflict, and drought in their home country.

Presidential Determination 2001-10:

On January 17, 2001, \$2 million was authorized to meet the urgent and unexpected needs of refugees, displaced persons, victims of conflict, and other persons at risk due to the crisis in Nepal.

Presidential Determination 2001-05:

On December 15, 2000, \$1 million was authorized to meet the urgent and unexpected needs of refugees, displaced persons, victims of conflict, and other persons at risk due to the Afghan crisis.

Urgent Response Capacity Drawdown

Presidential Determination 2001-22:

On July 26, 2001, \$5 million was authorized for an urgent response capacity in order to allow for immediate U.S. response to unexpected urgent refugee and migration needs.

Nonproliferation, Anti-terrorism, Demining, and Related Programs
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
NADR	310,914	313,500	372,400
ERF-NADR	0	155,700	0

The Nonproliferation, Anti-terrorism, Demining, and Related Programs (NADR) account funds critical, security-related programs in support of a broad range of U.S. national interests. NADR programs serve as an important tool for working with foreign nations to reduce transnational threats to America's security, as well as to mitigate local threats that cause regional instabilities and humanitarian tragedies. The FY 2003 request reflects the funding needed to support U.S. efforts to reduce threats posed by international terrorist activities, landmines, and stockpiles of excess weapons, as well as by nuclear, chemical, and biological weapons, missiles, and their associated technologies.

The NADR account supports U.S. efforts in four areas: nonproliferation, anti-terrorism, regional stability, and humanitarian assistance. The success or failure of the United States in dealing with problems in each of these areas will have implications for maintaining U.S. security and military superiority; efforts to promote reconciliation and stability in the Middle East, South Asia, and Northeast Asia; and access to critical resources and markets.

Nonproliferation Efforts

One of the most direct and serious security threats facing the United States is the possibility of conflict involving weapons of mass destruction (WMD) of chemical, biological, or nuclear origin, and missiles that could deliver such weapons. First and foremost is the immediate challenge of halting the clandestine spread of WMD materials and technology to rogue states, terrorist groups, and other non-state actors. Synonymous with this challenge is the need to reinvigorate the international community's commitment to support nonproliferation efforts and responsible nonproliferation behavior. The FY 2003 NADR request will fund bilateral and multilateral assistance programs that directly support U.S. nonproliferation objectives:

- To deny proliferators the supplies of materials and technology they need for their programs.
- To prevent and contain WMD and missile capabilities as well as advanced conventional weapons in key countries and regions.
- To secure and guard against leakage of WMD- and missile-related materials and expertise, primarily in Russia and other Eurasian countries.
- To promote the strengthening of international agreements that formalize and help verify nonproliferation constraints.
- To ensure that peaceful nuclear cooperation serves nuclear safety, environmental, and nonproliferation goals.

NADR supports three nonproliferation programs on a bilateral basis: the Nonproliferation and Disarmament Fund (NDF), a contingency fund for unanticipated requirements or opportunities; the Science Centers and Bio Redirection programs, which finance civilian research by former Soviet weapons experts in Russia, the Ukraine, and the other Eurasian countries; and Export Control and Related Border Security

assistance programs, which are designed to strengthen national export control systems in key countries. NADR funds also leverage other international donors in three multilateral fora. Under the International Atomic Energy Agency (IAEA), the U.S. voluntary contribution supplements the IAEA's operating budget to implement strengthened nuclear safeguards measures, allow expansion in nuclear safety cooperation with key countries, and combat nuclear and radiological terrorism. Funding for the Comprehensive Nuclear Test Ban Treaty (CTBT) helps strengthen the current international testing moratorium by supporting the establishment of the International Monitoring System (IMS) to detect nuclear explosions. Finally, the U.S. contribution to the Korean Peninsula Energy Development Organization (KEDO) supports implementation of the Agreed Framework between the United States and the Democratic People's Republic of Korea (DPRK). U.S. assistance funds part of KEDO's administrative expenses and provides annual shipments of heavy fuel oil to the DPRK in lieu of the energy given up when North Korea froze its declared nuclear facilities under IAEA monitoring.

Anti-terrorism Efforts

The NADR account also supports a comprehensive approach to preventing and countering terrorist attacks on U.S. citizens and to minimize the impact of any attacks that may occur, whether at home or abroad. NADR funds both the Anti-terrorism Assistance (ATA) and the Terrorist Interdiction Program (TIP). ATA provides technical training and equipment to assist foreign countries in protecting facilities, individuals, and infrastructure. The TIP improves countries' capabilities to prevent the transit of terrorists and their materials between borders. The FY 2003 program will support ongoing core ATA programs and allow for expansion in selected regions, as well as support new TIP countries' efforts to interdict terrorists.

Regional Stability and Humanitarian Assistance

Finally, the NADR account funds programs that promote an environment to allow for peace and regional stability, as well as meet humanitarian needs. The Humanitarian Demining Program (HDP) supports efforts to eliminate the threat to civilians of uncleared anti-personnel landmines, which have proven to be one weapon that is both destabilizing and damaging to the restoration of peace and prosperity once a conflict is over. Demining assistance also allows mine-affected nations to save the lives and limbs of innocent civilians, return displaced persons to their homes, rebuild shattered economic infrastructure, return agricultural land to productivity, and allow the safe delivery of other humanitarian services. This year, the Department is also requesting funds to provide dollar-for-dollar matching contributions for the International Trust Fund for Demining and Mine Victims Assistance, which conducts mine action activities primarily in the Balkan region.

In FY 2003, NADR will also fund the Small Arms/Light Weapons destruction program, which is designed to eliminate stockpiles of excess small arms and light weapons left over from Cold War and post-Cold War conflicts, particularly in Eastern Europe and Sub-Saharan Africa. As with the Humanitarian Demining Program, the Small Arms Destruction initiative promotes regional stability and minimizes threats to civilian populations by destroying excess stockpiles of weapons that fuel the international illicit arms market, in turn exacerbating regional and civil conflicts and claiming hundreds of thousands of lives and displacing millions of civilians every year.

Individual NADR program justifications follow.

Nonproliferation, Anti-terrorism, Demining, and Related Programs
(\$ in thousands)

	FY 2001	FY 2002	FY 2003
	Actual	Estimate	Request
Nonproliferation Programs			
Nonproliferation and Disarmament Fund	14,967	14,000	15,000
Export Control and Related Border Security Assistance	19,100	17,000	36,000
Science Centers/Bio Redirection	35,000	37,000	52,000
IAEA Voluntary Contribution	50,458	50,000	50,000
CTBT International Monitoring System	17,598	20,000	18,200
KEDO	74,879	90,500	75,000
Subtotal - Nonproliferation Programs	212,002	228,500	246,200
Anti-Terrorism Programs			
Anti-terrorism Assistance	38,000	38,000	64,200
Terrorist Interdiction Program	4,000	4,000	5,000
Lockerbie Trial Support	15,000	-	-
Subtotal - Anti-Terrorism Programs	57,000	42,000	69,200
Regional Stability & Humanitarian Assistance			
Humanitarian Demining Program	39,912	40,000	45,000
International Trust Fund	-	-	10,000
Small Arms Destruction	2,000	3,000	2,000
Subtotal - Regional Stability & Humanitarian Assistance	41,912	43,000	57,000
Total	310,914	313,500	372,400
Emergency Response Fund			
Export Control and Related Border Security Assistance	-	42,200	-
Science Centers/Bio Redirection	-	30,000	-
Anti-terrorism Assistance	-	45,500	-
Terrorist Interdiction Program	-	4,000	-
CT Engagement with Allies	-	3,000	-
Israel CT Assistance	-	28,000	-
Humanitarian Demining Program	-	3,000	-
Total Emergency Response Fund	-	155,700	-

Nonproliferation and Disarmament Fund
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
NADR-NDF	14,967	14,000	15,000

The Nonproliferation and Disarmament Fund (NDF) permits the Department of State to respond quickly and effectively to unanticipated or unusually difficult nonproliferation requirements or opportunities by funding and executing specific projects.

The objectives of the NDF are established by the FREEDOM Support Act of 1992 and include: (1) halting the proliferation of nuclear, biological, and chemical weapons, their delivery systems, related technologies, and other weapons; (2) destroying or neutralizing existing weapons of mass destruction, their delivery systems, related sensitive materials, and conventional weapons; and (3) limiting the spread of advanced conventional weapons and their delivery systems.

NDF activities, past and present, include: the destruction of SS-23 and SCUD missiles in Central Europe; assisting in the removal of Highly Enriched Uranium and other nuclear materials from Central Asia; safeguarding nuclear materials; funding the development of Low Enriched Uranium fuel for Russian-built research reactors; initiating and executing programs to detect nuclear materials in Central Europe, Central Asia, and other countries of the former Soviet Union; and providing specialized nuclear safeguards equipment to the International Atomic Energy Agency.

During the past year, NDF activities have focused particularly on the acquisition of nuclear reactor components illegally destined for the Middle East and their subsequent return to the United States, provision and deployment of nuclear detection systems to Turkey, and continued deployment and development of the Tracker automated export control system. The Tracker system is being developed in cooperation with allies in Western and Central Europe. It is currently deployed in six Central European countries. Western European deployments are scheduled to begin in 2003.

To ensure that the NDF can continue to respond quickly to difficult challenges, the Administration requests that the NDF funding, as in previous years, be made available notwithstanding any other provision of law, that the funds be appropriated to remain available until expended, and that their use be authorized for countries other than the independent states of the former Soviet Union and international organizations when it is in the national security interest of the United States to do so. The NDF has traditionally expended 4.5 percent of its funds for administration and operational costs, and we request a similar percentage for FY 2003.

Export Control and Related Border Security Assistance
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
NADR-EXBS	19,100	17,000	36,000
ERF-NADR-EXBS	0	42,200	0

A key tool in stemming the proliferation of weapons of mass destruction (WMD) and their delivery systems, related technologies, and other weapons is effective export controls and border control infrastructure and capabilities. To meet this objective, the United States works to ensure that potential suppliers have proper controls on exports of arms, dual-use goods, and related technologies, and that transit/transshipment countries have the tools to interdict illicit shipments crossing their territories and implement controls to prevent diversions. The U.S. Export Control and Related Border Security Assistance (EXBS) program provides essential technical and material assistance to recipient countries to help them carry out these nonproliferation efforts.

The FY 2003 request reflects a consolidation in the NADR account of most export control and border security programs previously funded under the FREEDOM Support Act. Requested funding will support activities with key countries to: (1) establish the necessary legal and regulatory basis for effective export controls; (2) develop appropriate export authorization procedures and practices; (3) establish and enhance effective enforcement capabilities and procedures, including through the provision of WMD detection and interdiction equipment and training; and (4) promote effective interaction between governments and industry on export controls.

Specifically, NADR export control assistance funds will be used to:

- Strengthen the capabilities of source countries to interdict illicit exports of weapons and related dual-use goods and technologies, particularly among the Eurasian former Soviet republics. Funds will assist recipient countries in improving legal and regulatory infrastructures; providing equipment and training for enforcement personnel (customs officers, border guards, and others) on the procedures, techniques, and equipment that would increase identification and interdiction of WMD materials, technology, and missile delivery systems; and encouraging regional cooperation in the interdiction of smuggled materials.
- Provide detection equipment and training to prevent countries in Central and Eastern Europe, including the Balkans and the Baltics, from being used as conduits for illicit WMD-related and arms exports. Funds will support regional conferences and training workshops. This program has consistently demonstrated its importance and resulted in the successful interdiction of several nuclear smuggling attempts in Europe.
- Fund programs in the Middle East, the Mediterranean, Central Europe, and Asia to improve national nonproliferation export control systems. Programs will support the establishment of viable legal and regulatory regimes, expand capabilities to interdict materials in transit, and provide equipment and training for enforcement personnel (customs officers, border guards, and others) on the procedures, techniques, and equipment that would increase identification and interdiction of WMD materials, related dual-use goods and technology, missile delivery systems, and other weapons.

- Expand the worldwide nonproliferation advisors program. This program currently has 13 offices covering some 20 countries. Funds will support the work of in-country and regional advisors, including overseeing and coordinating implementation of assistance projects in their areas of responsibility, assessing foreign export control capabilities and practices, recommending projects, and ensuring effective operation of U.S.-provided equipment.
- Support program administration. Funds will provide contract support for database development, detection and imaging equipment replacement, repair and maintenance, and accounts reconciliation. They will also cover costs associated with team visits, such as translators and transportation to border points.

A country and program breakout for the FY 2003 EXBS program follows. Further information on individual country programs may be found in the respective country narratives.

Export Control and Related Border Security Assistance
(\$ in thousands)

	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
East Asia and the Pacific			
Malaysia	121	150	300
Taiwan	30	-	-
Thailand	30	70	50
Vietnam	-	-	50
Subtotal - East Asia and the Pacific	181	220	400
Europe and Eurasia			
Albania	-	15	140
Armenia	500	270	1,850
Azerbaijan	825	100	1,850
Bosnia and Herzegovina	-	-	30
Bulgaria	100	410	730
Croatia	-	85	90
Cyprus	100	55	260
Czech Republic	317	200	400
Estonia	301	68	100
Federal Republic of Yugoslavia	-	31	100
Hungary	371	240	270
Kazakhstan	605	370	1,750
Kyrgyz Republic	-	-	1,200
Latvia	260	1,113	1,400
Lithuania	371	748	920
Macedonia	215	180	190
Malta	5,130	119	480
Moldova	-	-	2,320
NIS Regional Export Controls	470	499	500
Poland	645	300	600
Romania	394	275	560
Russia	1,500	1,500	3,980
Slovakia	125	407	700
Slovenia	130	350	550
Tajikistan	-	-	50
Turkey	100	1,000	600
Turkmenistan	-	-	50
Ukraine	770	470	2,620
Uzbekistan	330	-	1,200
Subtotal - Europe and Eurasia	13,559	8,805	25,490

Export Control and Related Border Security Assistance
(\$ in thousands)

	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
Near East			
Egypt	-	50	135
Jordan	-	750	250
Oman	-	20	100
Saudi Arabia	10	30	80
United Arab Emirates	340	350	350
Yemen	140	50	150
Subtotal - Near East	490	1,250	1,065
South Asia			
India	892	900	1,750
Subtotal - South Asia	892	900	1,750
Global			
Export Control Program Administration	643	500	500
Export Control Regional Advisors	2,945	4,280	5,895
NADR Regional Export Controls	390	900	900
Regional Advisors Training	-	145	-
Subtotal - Global	3,978	5,825	7,295
Total	19,100	17,000	36,000
Emergency Response Fund			
Azerbaijan	-	3,000	-
Kazakhstan	-	2,000	-
Kyrgyz Republic	-	3,500	-
Tajikistan	-	7,500	-
Turkey	-	1,200	-
Turkmenistan	-	7,000	-
Uzbekistan	-	18,000	-
Total Emergency Response Fund	-	42,200	-

Science Centers/Bio Redirection
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
NADR-SC	35,000	37,000	52,000
ERF-NADR-SC	0	30,000	0

By engaging former Soviet weapons scientists and engineers in peaceful scientific and commercial activities, the Science Centers and Bio Redirection programs seek to prevent the sale of weapons of mass destruction (WMD) and missile expertise and technologies to rogue states or terrorists. The Science Centers program operates from two headquarters in Moscow and Kiev under international agreements, with financial support from the United States, Canada, the European Union, Japan, Norway, and South Korea and increasing financial support from industry. The Centers focus on all categories of former Soviet WMD scientists – nuclear, chemical, biological, and missile – located in the eight independent republics of the former Soviet Union that are currently participants in the program: Russia, Ukraine, Belarus, Kazakhstan, Uzbekistan, the Kyrgyz Republic, Armenia, and Georgia. Additionally, Azerbaijan has formally applied for accession to the program, and Moldova has launched preliminary accession discussions.

In late 1997 the U.S. Government launched a coordinated interagency program to engage former Soviet biological weapons scientists. Similar in concept to the Science Centers, the Bio Redirection effort is designed to provide incentives for former biological weapons scientists not to market their skills to countries of proliferation concern or terrorist groups, while also promoting access and transparency at facilities formerly associated with the Soviet Union’s biological weapons programs. The effort also seeks to leverage U.S. nonproliferation assistance funding by focusing joint research projects on areas of critical public health, agricultural, and environmental research. The original Biological Weapons Redirection program was funded from its inception through FY 2002 from the FREEDOM Support Act; the FY 2003 budget shifts the request to NADR, a more appropriate account from which to fund these activities. The Departments of State, Defense, Health and Human Services (HHS), Energy, and Agriculture (USDA) and the Environmental Protection Agency (EPA) all contribute to the overall effort by collaborating with Russian/Eurasian institutes and scientists in their areas of expertise. (Note: HHS, USDA, and EPA participation in the Bio Redirection program is supported by Department of State funding).

In the post-September 11 environment, there is increased concern that terrorists may attempt to procure WMD expertise, material, or technology from individuals and facilities in the former Soviet Union, many of which continue to suffer economically. These two programs respond directly to that concern. The requested FY 2003 funding will sustain existing Science Center activities and expand the Bio-Redirection Program. A portion of the Science Center budget will be used to launch a Chemical Weapons Redirection effort, as recommended by the White House Review of Russia Nonproliferation Assistance Programs.

Science Centers

This program has evolved from its initial “stop-the-brain-drain” strategy for weapons scientists to a program supporting the long-term civilian transition of former Soviet WMD scientists to sustainable endeavors in applied and basic scientific research and technology development. In addition to having engaged almost 50,000 scientists and engineers since 1993, the program supports nearly 2,000 scientific research and technology development projects, along with patent and technology commercialization support, western-style professional and business management training through regional training centers, communication technology upgrade support, and travel support. One objective is to give scientists and engineers the opportunity to form long-term research relationships and industrial partnerships, leading to self-

sustainability and integration into the international scientific community. FY 2003 funds will allow the Science Centers to:

- Continue to engage thousands of former WMD scientists in peaceful research and support ongoing activities that foster commercial development and provide international commercial research opportunities for WMD scientists. This is done through increased private sector participation in the Partner Program, continued business training, and valorization and commercialization reviews of projects that have promising technological applications. These activities support long-term sustainability graduation from Science Center support.
- Sustain and expand an active oversight and monitoring program. Consistent with past practice, approximately 10 per cent of NADR funds will be used for administrative support and oversight, including expanded financial and technical audits of selected projects.
- Begin to implement a new engagement strategy. In response to a recommendation from the White House review of Russia Nonproliferation Programs, a small amount of funds will be dedicated to initial implementation of a strategy to engage former Soviet Chemical Weapons scientists and engineers patterned after the Bio-Redirection program described below.

Bio Redirection

This program originated with one Russian institute, now involves some 30 institutes across Eurasia, and continues to engage additional institutes and to start new project work. In consultation with other USG agencies, the Department of State provides overall program coordination and policy guidance, as well as funds to support program activities carried out by HHS, USDA, and EPA. The involvement of these and other USG agencies provides technical and scientific expertise otherwise unavailable to State. During FY 2002, the Administration expanded this initiative to include production as well as scientific research facilities, in Russia, Kazakhstan, Uzbekistan, Armenia, Georgia, and Ukraine. In FY 2003, the Bio-Redirection program will continue to support nonproliferation activities with:

- HHS/Biotechnology Engagement Program (BTEP) to support individual and regional projects, primarily in Russia, and program management, oversight, and audits. Specific activities may include infectious disease research projects; scientist exchanges; Good Laboratory, Manufacturing, and Clinical Practices training; regional field epidemiology training; facility upgrades; and emergency response exercises for biological hazards.
- USDA/Agricultural Research Service (ARS) Collaborative Research in Biotechnology program. This program supports individual and regional research projects in plant and animal disease detection, characterization, monitoring, and prevention, in addition to program management, oversight, and audits, primarily in Russia and Central Asia. The program also will fund the continued literature access of five Russian institutes through the USDA's National Agricultural Library database.
- EPA support for individual and regional projects, primarily in Russia and Central Asia, and program management, oversight, and audits. The highest priority is the environmental monitoring laboratory in Stepnogorsk, Kazakhstan. Additional EPA activities include engaging former weapons scientists in detoxification, bioremediation, and phytoremediation projects; and collaboration on projects, including PCB contamination, chemical destruction, the development of Acute Exposure Guideline Levels (AEGs) for hazardous chemicals, and environmental contamination.

International Atomic Energy Agency - Voluntary Contribution
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
NADR-IAEA	50,458	50,000	50,000

The International Atomic Energy Agency (IAEA) is a critical and effective instrument for verifying compliance with international nuclear nonproliferation agreements and serves as an essential barrier to the spread of nuclear weapons. Its program of international safeguards monitors the presence and use of nuclear material worldwide, providing assurance that nuclear material is not diverted to make nuclear weapons. In September 2001, the IAEA initiated a review of its programs with a view to enhancing those that will help states protect against acts of nuclear terrorism. It has already expanded some activities in this area. The United States has strongly supported the IAEA since its creation in 1957.

The IAEA's regular budget has fallen into crisis after almost two decades of zero real growth. At the same time, the organization has experienced significant real growth in its mission, especially in the vital area of nuclear inspections and countering nuclear terrorism.

Over the past 20 years, demands on safeguards have risen steadily, both in the number of nuclear facilities subject to safeguards as well as the volume of nuclear material under safeguards. Some safeguards equipment has become obsolete, and new more effective technologies have emerged. Safeguards standards have become much more rigorous, due in large measure to U.S. leadership.

In the aftermath of September 11, the IAEA is being called upon to expand its programs in nuclear material security. Initial priorities include increased training in the physical protection of nuclear material and wider use of international missions to assess the adequacy of physical protection measures in place at nuclear installations and recommend improvements. Efforts to thwart nuclear smuggling are also expanding.

The FY 2003 request will address critical needs, including activities designed to counter nuclear terrorism, implement strengthened safeguards, develop advanced safeguards technology and procedures, confront unique safeguards challenges, combat nuclear smuggling, and strengthen nuclear safety measures in Eastern Europe and the Independent States.

The U.S. voluntary contribution will also help strengthen the IAEA's operations, permit replacement of outdated equipment, and support development of new measures to verify that nuclear materials removed from nuclear weapons by the United States and Russia are not re-used for weapons. Finally, the U.S. voluntary contribution will support projects, training, fellowships, and equipment through the IAEA's Technical Cooperation Program in countries that are parties to the Nuclear Non-Proliferation Treaty (NPT).

Specific projects planned for FY 2003 include:

- Providing expert assistance and other support to expand international missions to assess the adequacy of physical protection measures in place at nuclear installations worldwide (known as International Physical Protection Advisory Services) to help counter the threat of nuclear terrorism.
- Developing techniques and equipment to support effective safeguards inspections.
- Installing unattended radiation monitoring equipment in critical nuclear fuel cycle facilities (e.g., reprocessing and spent fuel conditioning facilities) and replacing obsolete surveillance systems with modern digital systems worldwide.

- Replacement of the IAEA's obsolete mainframe-based safeguards database with a modern client-server network integrating the expanding variety of information used in strengthening safeguards.
- Replacement of aging analog cameras with new digital models.
- Training inspectors in the application of safeguards and providing new information analysis and survey tools for use in inspections for the strengthened safeguards system.
- Providing the IAEA with the safeguards technology it will need to confirm North Korea's initial inventory of nuclear materials when called upon to do so.
- Strengthening quality control and detection capabilities at the Safeguards Analytical Laboratory, particularly in the analysis of environmental samples.
- Analyzing environmental samples from safeguards inspections to detect signatures of possible undeclared nuclear activities and materials.
- Improving reliability of safeguards equipment by strengthening quality control and testing procedures.

CTBT International Monitoring System
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
NADR-CTBT	17,598	20,000	18,200

As a key element of our global efforts against the proliferation of nuclear weapons, the United States has a strong security interest in enhancing its ability, as well as that of its friends and allies, to detect and deter nuclear explosive testing anywhere in the world. Although the Comprehensive Nuclear-Test-Ban Treaty (CTBT) is not in force, the International Monitoring System (IMS), on which work began following CTBT signing in 1996, provides important security benefits to the United States and its allies. While there can be no substitute for robust national efforts, the IMS offers an important supplement. It will collect worldwide data from 321 seismic, hydroacoustic, infrasound, and radionuclide stations. A number of these stations will provide the United States with new or improved data from regions not otherwise available and will strengthen U.S. verification capability.

In 2000, the first 11 IMS stations were certified as meeting agreed specifications for performance and reliability. In 2001, another 12 stations were certified, including seismic stations in France, Iran, Norway, Spain, and the United States and a second hydrophone station in the Indian Ocean. Seismic arrays are under way in China, Egypt, Mongolia, Niger, Russia, and Saudi Arabia. IMS is the largest program in the CTBT Preparatory Commission (Prepcom) budget. Other substantial programs include the International Data Centre (IDC) and data links between IMS stations and the IDC and between the IDC and member states. A more modest effort is devoted to development of a capability to conduct on-site inspections.

The FY 2003 request in NADR will fund the U.S. contribution to the ongoing work of the Prepcom. This level reflects a reduced U.S. funding share (22 percent), consistent with the new UN scale of assessments, upon which the Prepcom's budget is apportioned among CTBT signatories. Moreover, under U.S. policy, the United States intends to fund its share of only IMS and IMS-related activities, which constitute the largest part of the Prepcom Budget. The United States will not fund other activities, including those related to establishing the on-site inspection system. By maintaining significant support for the Prepcom budget and leadership in work on technical and other issues, the United States will continue to be able to influence and guide the Prepcom's efforts to devise the best possible multilateral regime for monitoring nuclear explosions.

Korean Peninsula Energy Development Organization
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
NADR-KEDO	74,879	90,500	75,000

The United States has a vital security interest in non-proliferation on the Korean peninsula. This objective is central to U.S. efforts to counter threats to peace posed by weapons of mass destruction and missiles.

KEDO was established in 1995 to help implement the Agreed Framework between the United States and the Democratic People's Republic of Korea (DPRK), signed on October 21, 1994. In the Agreed Framework, North Korea agreed to freeze and eventually dismantle its graphite-moderated nuclear reactors and related facilities at Yongbyon and Taechon and to allow eventual implementation of IAEA full-scope safeguards on these nuclear facilities. The DPRK is maintaining the freeze. In return, the United States agreed to provide 500,000 tons of heavy fuel oil (HFO) annually to replace the electricity the DPRK would have generated from its frozen nuclear facilities and to arrange for the construction of two light-water reactors (LWRs) in North Korea. The Agreed Framework remains the primary means of ensuring: first, the monitoring and dismantlement of the DPRK's nuclear weapons program; and second, North Korea's full compliance with its nuclear nonproliferation obligations.

Following a policy review concluded last June 6, the President directed that serious discussions be held with North Korea on: improved implementation of the Agreed Framework relating to North Korea's nuclear activities; verifiable constraints on North Korea's missile programs and a ban on its missile exports; and a less threatening conventional military posture. The Administration repeatedly has made clear its willingness to talk to North Korea any time, any place, without preconditions; the DPRK has yet to respond.

Continued support for KEDO is important to carry out the terms and conditions of the Agreed Framework and to maintain our current nuclear nonproliferation objectives. Approximately \$6 million of the FY 2003 request will be used to support KEDO's administrative costs, with the balance used for the purchase and shipment of HFO to North Korea in accordance with the Agreed Framework. The United States has contributed \$312 million to KEDO since 1995, plus an additional \$34 million for the canning of spent fuel at Yongbyon. The United States and the European Union, which has contributed \$100 million and is contributing roughly \$18 million annually, are the primary sources for HFO funding. The ROK and Japan are taking the lead in funding the LWR project. Thus far the ROK has contributed \$631 million to KEDO and has pledged to finance 70 percent of the estimated \$4.6 billion cost of the LWRs. Japan has contributed \$302 million to KEDO as part of its pledged \$1 billion toward the LWR project. Other countries have contributed \$31 million; the United States continues to press the international community for additional funding.

Special Notice: Information Related to Section 620G of the Foreign Assistance Act of 1961, as Amended

Sixteen governments which are recipients of U.S. assistance covered by section 620G of the Foreign Assistance Act have contributed, or are expected to contribute, to KEDO. They are Indonesia, the Philippines, the Republic of Korea, Malaysia, Singapore, Thailand, the Czech Republic, Greece, Hungary, Poland, Argentina, Brazil, Chile, Mexico, Peru, and Oman. A detailed explanation of the assistance to be provided to each of these countries, including an estimate of the dollar amount of such assistance, and an explanation of how the assistance furthers U.S. national interests may be found in the country and regional programs sections of this document.

Anti-terrorism Assistance
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
NADR-ATA	38,000	38,000	64,200
ERF-NADR-ATA	0	45,500	0

In the wake of the events of September 11, the United States declared war against terrorism with the purpose of eliminating terrorists' ability to threaten our nation, our people, and interests, and our friends and allies. This war extends beyond the battlefield in Afghanistan to every country where terrorists currently operate or have the potential to operate because of weak internal defenses. To prosecute this war successfully, the Department of State has built and will maintain a broad international coalition working together to identify, uncover, and uproot terrorist cells, destroy terrorist groups and networks, and make support for terrorism by states and non-state actors untenable.

The U.S. has made great progress in building the international will to act in concert against terrorism, but many governments that strive to eliminate terrorism in their own nations do not have capability to act effectively in the law enforcement and security fields. The State Department's Anti-terrorism Assistance program (ATA) is a key element in building the capacity of many of our coalition partners to take strong, decisive action against terrorism.

The ATA program is one of the world's preeminent providers of training, equipment, and advice to foreign countries in order to enhance the anti-terrorism skills and abilities of foreign law enforcement and security officials. These officials are the ones with the primary responsibility in their nations for taking the offensive against international terrorist cells and networks that seek to target us overseas and at home. These officials also have the primary responsibility for responding to and mitigating the impact of terrorist attacks that do occur in their nations.

The United States seeks to maximize international will and ability to end terrorism by destroying terrorists and their means of operation; by preventing terrorist attacks at home and abroad; by eliminating support and safehaven for terrorists; and by minimizing the impact of any terrorist attacks that may escape detection and disruption. As the terrorist threat evolves and expands, U.S. means and strategies for combating terrorism must also evolve and expand.

International cooperation against terrorism includes diplomatic, law enforcement, intelligence, and military cooperation and coordination, as well as the exchange of intelligence, law enforcement, and financial information. To complement the political will of coalition partners to fight terrorism, the U.S. provision of anti-terrorism training and assistance to foreign law enforcement and security officials enhances the skills and capabilities of our partners to fight terrorism effectively. These efforts combine to meet our immediate counterterrorism needs, develop long-term counterterrorism relationships between the U.S. Government and friendly partners, and cement the counterterrorism coalition.

Most recipients of ATA training are developing nations lacking sufficient resources to provide an effective anti-terrorism training program and infrastructure. ATA training augments recipient capabilities by providing valuable skills, relevant support equipment, and technical advice. ATA training includes a wide spectrum of "traditional" courses (e.g., crisis management, hostage negotiation, explosives deactivation), as well as more recent courses aimed at countering developing threats (e.g., WMD, cyberterrorism).

For FY 2003 programs, ATA will sustain an augmented effort aimed at the "southern crescent" of terrorism, which extends from East Asia (e.g., the Philippines) through Central & South Asia (e.g., India,

Pakistan, the Central Asian republics, the Caucasus) to the Middle East (e.g., Jordan, Yemen, Egypt, Oman) and into particularly vulnerable African countries. These priority regions and countries are identified through intelligence analyses of the highest actual and potential threat areas. The bulk of projected ATA training in FY 2003 is planned for the front-line states – countries that represent the most vulnerable sites for terrorist infiltration, transit, and activities.

Interconnected with ATA is funding to help counter the threat of terrorist use of a chemical, biological, radiological, nuclear, or high-yield explosive weapon of mass destruction (WMD). This international WMD Preparedness Program is designed to provide senior foreign host government interagency officials and emergency response personnel with the policies and skills needed for collective, interagency responses needed to cope with the complicated dynamics of preventing or mitigating a terrorist attack involving a weapon of mass destruction.

To the maximum extent feasible, the WMD program draws from lesson learned and materials developed for U.S. domestic preparedness programs. Since its beginning in FY 1999, 15 countries have received the International Counterterrorism Senior Official Policy Workshop. Ten workshops are scheduled for FY 2003 with a primary focus on front-line states. In FY 2003, approximately \$1 million of the overall ATA training funds will be used for this specialized effort. To complement the WMD preparedness seminar, ATA will continue conducting WMD first-responder courses in up to 20 countries.

The FY 2003 request will enable the ATA program to meet most of the expanded high priority needs identified through assessments of foreign country capabilities conducted in response to current worldwide threats and priorities. Funding will provide support for ongoing core ATA programs, including increased training for South and Central Asia and Middle East states, and implementation of new courses developed in FY 2002 using the Emergency Response Fund supplemental appropriation. The request also supports the implementation of new courses in Kidnap Intervention and Advanced Crisis Response Team. In addition, it provides for the continuation and broadening of the Weapons of Mass Destruction Preparedness Program. Funding also supports program management, including travel, translations, transportation of equipment items, and various other administrative expenses for ongoing, new, and expanded initiatives.

Anti-terrorism Assistance
(\$ in thousands)

	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
Training			
Africa	4,627	1,301	5,296
East Asia and the Pacific	2,198	2,523	2,366
Europe/NIS	10,665	13,616	17,517
Near East Asia	5,460	4,735	9,012
South Asia	2,515	4,452	9,867
Western Hemisphere	4,744	4,373	8,442
Subtotal - Training	30,209	31,000	52,500
Non-Training			
Program Equipment	400	-	-
Program Management	6,141	6,000	10,700
WMD Preparedness Program	1,250	1,000	1,000
Subtotal - Non-Training	7,791	7,000	11,700
Total	38,000	38,000	64,200

Terrorist Interdiction Program
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
NADR-TIP	4,000	4,000	5,000
ERF-NADR-TIP	0	4,000	0

The Terrorist Interdiction Program (TIP) directly supports the U.S. global campaign against terrorism and immediate U.S. national security interests by bolstering U.S. international coalition partners' border security. The attacks of September 11 demonstrate, now more than ever, the critical need to prevent terrorists from crossing international boundaries to stage terrorist attacks. By assisting countries to control their borders better, TIP enhances the security of Americans both at home and abroad.

TIP was developed as a cooperative tool to respond to the ability of terrorists to cross international borders to stage attacks and escape undetected. TIP enables participating coalition partners to improve their border security capabilities by providing computer data base programs that allow border control officials to identify and detain individuals of interest, or quickly relay to other countries information on transiting suspects. TIP will be installed in key transportation hub countries that have been identified by interagency assessments and intelligence analysis. Such vulnerable countries usually have little or outdated means of quickly identifying potential terrorists. The introduction of TIP capabilities helps to frustrate terrorist networks and planned attacks and bring to justice those trying to escape after an attack.

TIP assists recipient nations by providing computer hardware, database software, and training that enable border officials to identify persons transiting major entry-exit points. It enhances the border security systems through four interrelated components: (1) installation of the Personal Identification Secure Comparison and Evaluation System (PISCES); (2) training of border security officials to operate PISCES; (3) help to update the International Criminal Police Organization's (INTERPOL) communications system to complement PISCES; and (4) strengthening host countries existing counterterrorism interdiction capabilities.

TIP funds support the installation and maintenance of PISCES in critical points of entry, such as major air or seaports, in a participating country. PISCES is a database that provides border control officials with information of persons contained in a country's own "stop list". The system utilizes a high-speed secure connection from the country's centralized data bank of suspects, located in the appropriate government agency, to points of entry where PISCES is installed. This allows border control officials to check passports and visas quickly and accurately for the purpose of identifying terrorist suspects. Officials can also use PISCES to quickly retrieve information on persons who may be trying to depart a country in haste after a terrorist incident.

Access to information on terrorists from all over the world is essential to interdicting terrorists who are attempting to transit a country. Therefore, TIP funds are used to assist INTERPOL in upgrading its communications system to transmit fingerprints, photos, and other graphics on a near-real-time basis to and from a participating country's INTERPOL National Central Bureau (NCB). INTERPOL data can then be imported into PISCES to expand the database's pool of suspects.

In addition, TIP funds provide training for immigration officials to use system equipment to collect, compare, and analyze data that can be used to arrest and investigate suspects, as well as to identify fraudulent travel documents. This training complements existing State Department export control and border security programs, such as Diplomatic Security's Anti-terrorism Assistance and programs run by the Bureaus of Nonproliferation and International Narcotics and Law Enforcement Affairs.

The Office of the Coordinator for Counterterrorism provides policy oversight and management for the selection and participation of countries. Selection is based on a variety of criteria, such as strategic importance of the program in the country/region, intelligence analysis of terrorist traffic patterns, degree of cooperation expected from the country, and the country's need for assistance. The FY 2003 plan for TIP includes ten initial-offer visits and follow-on site surveys to selected countries, as well as the continuation of initial installations begun with prior year program funds in countries such as Pakistan, Yemen, Kenya, and Tanzania.

In light of September 11 events, the list of potential recipient countries has increased significantly, as have resource requirements for individual country programs. The introduction of the pilot program in Pakistan has demonstrated the need for widespread installation of the system throughout all of a country's entry and exit points, as well as a comprehensive program to ensure the proper management, training, and functioning of the system. Since September 11 and the creation of the cooperative partnerships by the global campaign against terror, 57 countries have been identified as potential recipients of TIP funds.

TIP provides a significant diplomatic engagement tool that will continue to strengthen U.S. coalition efforts and bolster the counterterrorism capabilities of recipient countries. The program provides the opportunity to engage countries on broader issues of interdiction, such as methods of detecting weapons and explosives being smuggled across international borders. As the TIP system is expanded to more countries in a comprehensive network, it will grow as an effective tool to garner international will and minimize terrorism as a threat to U.S. interests at home and abroad.

Humanitarian Demining Program
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
NADR-HD	39,912	40,000	45,000
ERF-NADR-HD	0	3,000	0

The U.S. Humanitarian Demining Program seeks to relieve human suffering caused by landmines and unexploded ordnance (UXO) while promoting U.S. foreign policy interests. Program objectives are to reduce civilian casualties, create conditions for the safe return of refugees and internally displaced persons to their homes, and reinforce an affected country's stability. The United States accomplishes these objectives by supporting mine awareness and mine clearance projects and by helping to develop indigenous mine action capabilities in mine-affected nations, where appropriate.

The FY 2003 request demonstrates a continued U.S. commitment to foster a world that is safe from landmines. Since 1993, the United States has committed more than \$500 million from Department of State, Department of Defense, and U.S. Agency for International Development sources to support mine action activities in 42 countries as well as the provinces of Kosovo and Northwest Somalia. NADR Humanitarian Demining Program funding is being requested for 26 of the countries in the program; several additional country programs are being requested and justified under NADR International Trust Fund.

The U.S. humanitarian demining program has achieved a number of successes, including the following:

- **Afghanistan:** In response to the call for renewed mine action assistance following the recent bombing campaign, the U.S. Government initiated a mine action plan to enhance Afghanistan's capability to respond to new landmine/UXO threats, to replace stolen and damaged equipment, to restart and expand landmine/UXO clearance, and to fund a national mine awareness program.
- **Cambodia:** This program has a fully trained staff of 2,400 Cambodians. From 1992 to June 2001, deminers from the Cambodia Mine Action Center cleared some 145,600,000 square meters of land, destroyed over 131,000 landmines, and destroyed over 603,000 pieces of UXO.
- **Nicaragua:** More than 26,000 landmines have been found and destroyed by Nicaraguan deminers, allowing 24 Nicaraguan municipalities and 168 kilometers of international borders to be declared mine-safe. More than 1,850,000 square meters of land have been cleared.
- **Rwanda:** Landmines and UXO fatalities dropped from 108 in 1994 to three in 2000. Clearance has contributed to some 400,000 refugees and 200,000 internally displaced persons returning to their villages. This program is now in the sustainment phase.
- **Landmine Surveys:** In 2001, three national Level One Surveys were completed (Thailand, Mozambique, and Chad) and two were underway (Vietnam and Cambodia).

The FY 2003 funding will sustain and expand existing U.S. demining efforts in those countries most severely affected by landmines (Afghanistan, Angola, Cambodia, Mozambique, and Vietnam). It will also permit expansion into several additional landmine-affected countries with potential new participants, including Pakistan, Nigeria, Chile, Colombia, Sri Lanka, and the territory of Nagorno-Karabakh. Finally, it will also expand into the other mine-affected countries that supported the military coalition in Afghanistan. Funds will be provided to commercial firms, international organizations, and non-governmental organizations via contracts and grants.

Country Programs

Provision of assistance is based on a careful assessment of both the social-economic impacts of landmines in a particular nation and on the overall U.S. humanitarian objectives reflected in the National Security Strategy. Demining funds will be used to support mine clearance operations, the acquisition of mine detection and clearance equipment and supplies, and mine awareness instruction and instructional materials. For countries with a mature program, funds will both replenish equipment and support expansion of other efficient and proven methods, such as mine detection dog teams. Further information on individual country programs may be found in the respective country narratives.

Surveys, Crosscutting Initiatives, and Research & Training

Demining funds are also used to support multi-country activities that are carried out under the program lines identified as Surveys, Crosscutting Initiatives, and Research & Training. Landmine surveys are an important step in the development of each country's mine action plan. The survey project has been far more successful than anticipated; as a consequence, the international community relies increasingly on survey results and is expanding its support for surveys. Crosscutting Initiatives support the following activities: (1) mine awareness projects and public outreach initiatives, (2) programs to increase data and information exchange among the global demining community, and (3) a Quick Reaction Demining Force (QRDF) available for deployment on an emergency basis worldwide. Research & Training funds support the following activities: (1) non-technical research on mine action issues such as research into the conditions under which mine detection dogs are most useful and (2) training to develop indigenous mine action capacity, including management training of senior and middle managers of national mine action staff.

Administrative Expenses

The budget request includes funding for administrative expenses. These funds are used for the following activities: (1) travel that is necessary for reviewing and evaluating ongoing mine action programs and (2) supplies, utilities, and other contractual support, particularly for computer operations.

Humanitarian Demining Program
(\$ in thousands)

	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
Africa			
Angola	2,844	2,800	3,500
Chad	300	350	350
Djibouti	400	290	250
Eritrea	1,050	1,230	1,100
Ethiopia	-	1,100	1,000
Guinea-Bissau	489	-	-
Mauritania	400	-	200
Mozambique	2,180	2,210	3,010
Namibia	40	65	90
Rwanda	400	450	450
Somalia	1,400	1,200	1,200
Zambia	700	800	700
Zimbabwe	595	300	270
Subtotal - Africa	10,798	10,795	12,120
East Asia and the Pacific			
Cambodia	2,469	2,290	3,020
Laos	993	1,328	1,200
Thailand	1,270	650	-
Vietnam	1,650	1,500	1,700
Subtotal - East Asia and the Pacific	6,382	5,768	5,920
Europe and Eurasia			
Armenia	850	1,200	750
Azerbaijan	1,100	1,380	1,380
Estonia	-	200	-
Georgia	1,000	1,100	1,100
Subtotal - Europe and Eurasia	2,950	3,880	3,230
Near East			
Jordan	947	850	750
Lebanon	1,000	1,200	900
Oman	273	307	50
Yemen	1,023	750	765
Subtotal - Near East	3,243	3,107	2,465

Humanitarian Demining Program
(\$ in thousands)

	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
South Asia			
Afghanistan	2,800	4,000	4,200
Subtotal - South Asia	2,800	4,000	4,200
Western Hemisphere			
Ecuador	963	370	250
OAS/IADB / Central America Demining	1,350	1,250	1,100
Peru	861	175	175
Subtotal - Western Hemisphere	3,174	1,795	1,525
Global			
Demining Administrative Expenses	500	500	675
Demining Crosscutting Initiatives	6,661	4,505	5,740
Demining Mine Surveys	2,000	3,300	5,070
Demining New Country Programs	-	1,500	2,530
Demining Research and Training	1,404	850	1,525
Subtotal - Global	10,565	10,655	15,540
Total	39,912	40,000	45,000
Emergency Response Fund			
Afghanistan	-	3,000	-
Total Emergency Response Fund	-	3,000	-

International Trust Fund
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
NADR-ITF	0	0	10,000

The program in support of the International Trust Fund (ITF) for Demining and Mine Victims Assistance is a special component of the U.S. Humanitarian Demining Program. The ITF seeks to relieve human suffering caused by landmines and unexploded ordnance while promoting U.S. foreign policy interests.

The ITF was established by the Republic of Slovenia, yet operates as an independent international organization. It commenced financial operations in September 1998, initially focusing on Bosnia and Herzegovina. The ITF has been a success both operationally and financially and has become the demining instrument of choice for the international community in the Balkans. Currently, the ITF accounts for over two-thirds of all demining operations being conducted in the region. Due to its success in the Balkans, the ITF Managing Board recently decided to expand its humanitarian assistance to include the Caucasus.

In May 1998, Congress appropriated \$28 million for the ITF to assist mine-affected countries in the Balkan region. The appropriation came from a Department of Defense supplemental appropriations bill in which bill language specified that the funds be transferred to the Department of State for program administration. These funds were used to match contributions to the ITF by other donors for a total of \$39 million (as of mid-January 2002); outstanding pledges total \$7 million. The initial \$28 million was fully expended in FY 2001, and Congress appropriated an additional \$14 million for the ITF in the FY 2002 Department of Defense appropriation. However, even with this additional contribution, other donor contributions are expected to exceed U.S. matching funds by the end of FY 2002.

The FY 2003 request will shift the funding source for this activity from the Defense Department to the NADR account. This shift is appropriate because the State Department has a history of administering the funds and because ITF activities are in line with other support provided by the NADR-funded Humanitarian Demining Program. As with previous funding, the request will be used to match dollar-for-dollar contributions from other international donors to conduct a broad range of mine action initiatives. In 2001, the ITF operated in Albania, Bosnia and Herzegovina, Croatia, Kosovo, and Macedonia. While USG funding (and ITF operations) will continue to focus on the Balkans, the requested funding may be used for new activities in other regions, such as the Caucasus.

Small Arms Destruction
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
NADR-SAD	2,000	3,000	2,000

Destroying surplus and illicit stocks of military small arms and light weapons (SA/LW) supports U.S. national interests in promoting regional stability, minimizing threats to civilian populations, combating crime and terrorism, rebuilding post-conflict societies, and protecting U.S. and allied forces deployed overseas. Large post-Cold War stocks in the countries of Eastern Europe, the former Soviet Union, Africa, and Latin America, often poorly secured and susceptible to theft or illicit transfer, have become a major source of arms on the global black market. These contribute greatly to the continued destabilization of conflict-prone regions. If not expeditiously destroyed, stocks of arms left over after the cessation of hostilities frequently re-circulate in neighboring regions. SA/LW generally refers to military-style automatic rifles, machine guns, man-portable anti-tank and anti-aircraft missiles, rocket-propelled grenade launchers, and light mortars.

Recognizing the problem posed by excess SA/LW stocks, the U.S. Government established in 2001 a program to support destruction projects worldwide. Given that destruction is relatively inexpensive and can generally be accomplished using locally available infrastructure and personnel, the program offers large dividends in threat reduction for a modest initial investment.

U.S. priorities remain focused on those countries and regions where small arms proliferation or destabilizing accumulation is most acute. FY 2001 funds were used to destroy over 190,000 weapons in Albania, Bulgaria, the FRY, and Lesotho. (An additional 50,000 weapons were destroyed in Albania through our partnership with Norway and Germany on this project). Also, approximately 1,600 tons of munitions were destroyed in Albania and Bulgaria. Through this initiative, the United States has helped to improve stability in these countries and in their regions, as well as making a positive contribution to curbing the global illicit trade in SA/LW. By generating interest in this program, these initial projects continue to gain momentum for further destruction efforts, meanwhile encouraging responsible stockpile management and export control practices.

FY 2003 SA/LW funds will support destruction programs worldwide. In Europe and Eurasia, for example, Ukraine, Kazakhstan, and Latvia continue to hold significant quantities of Soviet/Warsaw Pact era surplus stocks of SA/LW and have indicated interest in reducing these stocks. The Government of Albania will require continued support in destroying weapons collected in the aftermath of the 1997 unrest, as well as large amounts of surplus ammunition. New multilateral arrangements, such as NATO's Partnership for Peace Trust Fund and the Stability Pact's clearinghouse for SA/LW destruction, may be used to facilitate these and other destruction projects in the former Soviet Union and Eastern Europe.

SA/LW destruction in current and former regions of conflict in Latin America remains a high priority, as do projects in Africa. In Latin America, significant amounts of illegal arms and ammunition have been collected in Paraguay. Small arms and light weapons left over from civil conflict in Nicaragua during the 1980s have flooded the regional illicit arms trade and even migrated into the current conflict in Colombia. We are currently working to identify numbers of surplus arms, including man-portable air defense systems (MANPADS), in Nicaragua. The African countries of Sierra Leone, Guinea-Bissau, and Mozambique have requested assistance to address SA/LW proliferation in their respective regions. In Sierra Leone, with the continued demilitarization of paramilitaries, we estimate that significant destruction requirements will arise.

The following table outlines FY 2001 actual, FY 2002 estimated, and FY 2003 planned projects. Destruction costs, which average \$500 - 1000 per ton, will vary according to types and numbers of weapons, access to transportation, available infrastructure, environmental regulations, and equipment and labor costs. Destruction of ammunition in addition to weapons will also boost costs in some cases.

SA/LW Destruction Program

Country	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
Albania	625,000	250,000	350,000
Bolivia	-	150,000	-
Bulgaria	964,000	-	-
Dominican Republic	-	100,000	-
El Salvador	-	150,000	-
FRY	396,000	-	-
Guinea-Bissau	-	-	200,000
Kazakhstan	-	325,000	200,000
Latvia	-	-	200,000
Lesotho	15,000	-	-
Mozambique	-	-	120,000
Nicaragua	-	150,000	200,000
Niger	-	150,000	-
Paraguay	-	200,000	100,000
Philippines	-	300,000	-
Romania	-	325,000	-
Senegal	-	100,000	-
Sierra-Leone	-	200,000	200,000
Sri Lanka	-	100,000	-
Ukraine	-	500,000	430,000
Total	2,000,000	3,000,000	2,000,000

DEPARTMENT OF THE TREASURY

Treasury Technical Assistance

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Treasury Technical Assistance
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
TTA	5,987	6,500	10,000
ERF-TTA	0	3,000	0

Detailed justification not available at time of publication. See FY 2003 budget presentation of the Department of the Treasury.

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MILITARY ASSISTANCE

International Military Education and Training
Foreign Military Financing
Peacekeeping Operations

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International Military Education and Training
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
IMET	57,748	70,000	80,000

The International Military Education and Training (IMET) program is a low-cost, highly effective component of U.S. security assistance that provides training on a grant basis to students from over 125 allied and friendly nations. In many countries, it is the only military engagement tool available. IMET advances U.S. interests by furthering regional stability through effective, mutually beneficial military-to-military relations, which culminate in increased understanding and defense cooperation between the United States and foreign countries.

IMET fosters the development of more professional militaries around the world through training and education of foreign military and civilian personnel, including those of non-governmental organizations. Enhancing the professionalism of militaries will make them more efficient, more effective, and more interoperable with American and NATO forces as well as with regional coalitions. IMET fosters a better understanding of civilian rule of the military, rule of law, and human rights. Increases over FY 2002 levels vary by region but reflect overall U.S. policy interests of military alliance and coalition building as well as buttressing the war on terrorism.

Military training provided under the IMET program is professional and non-political, exposing foreign students to U.S. military organizations, procedures, and the manner in which military organizations function under civilian control. Training focuses primarily on professional development but may also include technical training. IMET's mandatory English language proficiency requirement establishes an essential baseline of communication skills necessary for students to attend courses. It also facilitates the development of important professional and personal relationships that have provided U.S. access and influence in a critical sector of society which often plays a pivotal role in supporting, or transitioning to, democratic governments.

A less formal, but significant, part of IMET exposes students to the American way of life. This popular program of sponsorships, field trips, and guest speakers informally introduces IMET students to democratic values, civil and human rights, and the rule of law. Expanded IMET (E-IMET) courses perform a similar function but in a more structured atmosphere. The curriculum of E-IMET courses fosters greater respect for and understanding of the principle of civilian control of the military. E-IMET is an effective means of promoting democratic values and is key to U.S. national security and foreign policy objectives.

IMET objectives are achieved through a variety of military education and training activities conducted by the Department of Defense for foreign military and civilian officials. These include formal instruction that involves over 2,000 courses taught at approximately 150 military schools and installations for over 11,000 foreign students.

The IMET program is an investment in ideas and people. For a relatively modest investment, it presents democratic alternatives to key foreign militaries and civilian leaders. Military cooperation is strengthened as foreign militaries improve their knowledge of U.S. military doctrine and operational procedures. This cooperation leads to opportunities for military-to-military interaction, information sharing, joint planning, and combined force exercises that facilitate interoperability with U.S. Forces. Additionally, access to foreign military bases and facilities is notably expanded, the utility of which is readily evident in the war on terrorism.

The following examples underscore how the IMET program supports regional stability and democracy goals:

- IMET funding for Europe and Eurasia is designed not only to support NATO enlargement and strengthen engagement with Partnership for Peace countries, but also to maintain depth in its recent members' professional cadre of military and civilian personnel. Funding is also requested for new programs in Yugoslavia (Serbia).
- The increase in funding for the Western Hemisphere will be focused on additional professional and technical training as well as on courses that focus on civilian control of the military and human rights. Courses include crisis management, maritime search and rescue, vehicle aircraft and helicopter maintenance, resource management, and officer training at all levels.
- Funding for Africa will boost programs in Rwanda, Togo, and Zambia, among others. It will also support a new multilateral program request for the Economic Community of West African States (ECOWAS).
- Funding for East Asia and the Pacific will continue to focus regionally on professional military education and technical training. It will provide for significant growth in the Philippines program and reinstatement of the Fiji program.
- Continued support of Near East Asia is reflected in significant increases for programs in Algeria, Jordan, Morocco, Oman, and Tunisia.
- Funding for South Asia will provide program increases for Nepal and Bangladesh, among others.

International Military Education and Training
(\$ in thousands)

	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
Africa			
Angola	-	100	100
Benin	384	400	400
Botswana	663	580	600
Burkina Faso	-	-	50
Burundi	-	-	50
Cameroon	223	190	200
Cape Verde	126	120	120
Central African Republic	116	110	110
Chad	173	130	130
Comoros	-	-	50
Cote D'Ivoire	-	-	50
Democratic Republic of Congo	-	-	50
Djibouti	132	160	185
ECOWAS	-	-	50
Equatorial Guinea	-	50	50
Eritrea	155	375	400
Ethiopia	-	475	500
Gabon	131	160	160
Gambia	-	-	50
Ghana	338	470	500
Guinea	254	250	250
Guinea-Bissau	55	50	75
Kenya	443	600	600
Lesotho	78	100	100
Madagascar	158	170	170
Malawi	388	360	360
Mali	355	325	325
Mauritania	83	100	100
Mauritius	86	100	100
Mozambique	200	215	215
Namibia	193	200	200
Niger	102	110	110
Nigeria	663	750	800
Republic of the Congo	86	110	110
Rwanda	-	100	150
Sao Tome and Principe	101	85	100
Senegal	912	850	900
Seychelles	60	75	100
Sierra Leone	130	200	250
South Africa	1,200	1,450	1,450

International Military Education and Training
(\$ in thousands)

	FY 2001	FY 2002	FY 2003
	Actual	Estimate	Request
Swaziland	98	100	100
Tanzania	214	200	230
Togo	52	75	100
Uganda	-	100	170
Zambia	181	190	225
Subtotal - Africa	8,533	10,185	11,095
East Asia and the Pacific			
Cambodia	-	-	200
East Timor	-	50	100
Fiji	-	-	100
Indonesia	-	400	400
Laos	-	50	100
Malaysia	757	700	800
Mongolia	750	650	725
Papua New Guinea	160	200	240
Philippines	1,436	2,000	2,400
Samoa	88	120	120
Solomon Islands	62	150	150
Thailand	1,852	1,650	1,750
Tonga	100	115	125
Vanuatu	64	100	100
Vietnam	-	50	100
Subtotal - East Asia and the Pacific	5,269	6,235	7,410
Europe and Eurasia			
Albania	1,200	800	900
Armenia	-	400	750
Azerbaijan	-	400	750
Bosnia and Herzegovina	1,109	800	900
Bulgaria	1,599	1,200	1,350
Croatia	1,032	600	700
Czech Republic	1,370	1,800	1,900
Estonia	750	1,000	1,100
Federal Republic of Yugoslavia	-	-	300
Georgia	481	850	1,200
Greece	25	500	600
Hungary	1,394	1,800	1,900
Kazakhstan	583	800	1,000
Kyrgyz Republic	380	600	1,100
Latvia	815	1,000	1,100

International Military Education and Training
(\$ in thousands)

	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
Lithuania	797	1,000	1,100
Macedonia	741	550	650
Malta	136	300	300
Moldova	630	850	900
Poland	1,318	1,900	2,000
Portugal	594	750	850
Romania	1,544	1,400	1,500
Russia	156	800	800
Slovakia	992	850	950
Slovenia	1,022	800	950
Tajikistan	-	250	350
Turkey	1,689	2,700	2,800
Turkmenistan	258	450	450
Ukraine	1,443	1,700	1,700
Uzbekistan	494	1,000	1,200
Subtotal - Europe and Eurasia	22,552	27,850	32,050
Near East			
Algeria	121	200	550
Bahrain	249	400	450
Egypt	1,119	1,200	1,200
Jordan	1,700	2,000	2,400
Lebanon	546	600	700
Morocco	999	1,000	1,500
Oman	250	500	750
Saudi Arabia	-	25	25
Tunisia	968	1,000	1,500
Yemen	198	450	650
Subtotal - Near East	6,150	7,375	9,725
South Asia			
Bangladesh	507	600	750
India	498	1,000	1,000
Maldives	110	125	150
Nepal	237	400	500
Pakistan	-	1,000	1,000
Sri Lanka	252	275	350
Subtotal - South Asia	1,604	3,400	3,750

International Military Education and Training
(\$ in thousands)

	FY 2001	FY 2002	FY 2003
	Actual	Estimate	Request
Western Hemisphere			
Argentina	846	1,000	1,000
Bahamas	110	140	140
Belize	223	275	175
Bolivia	665	700	800
Brazil	241	440	500
Chile	550	570	600
Colombia	1,040	1,180	1,180
Costa Rica	297	350	400
Dominican Republic	513	500	500
Eastern Caribbean	448	675	700
Ecuador	550	625	650
El Salvador	653	800	900
Guatemala	291	350	350
Guyana	192	275	275
Haiti	-	-	50
Honduras	546	625	650
Jamaica	465	600	600
Mexico	1,000	1,150	1,250
Nicaragua	222	375	400
Panama	131	170	200
Paraguay	238	300	300
Peru	509	500	600
Suriname	107	110	150
Trinidad & Tobago	122	135	150
Uruguay	398	415	450
Venezuela	485	500	700
Subtotal - Western Hemisphere	10,842	12,760	13,670
Global			
E-IMET Schools	1,800	1,800	1,800
General Costs	998	395	500
Subtotal - Global	2,798	2,195	2,300
Total	57,748	70,000	80,000

Summary of Students Trained Under IMET

	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
Africa			
Angola	-	4	4
Benin	56	58	58
Botswana	103	90	93
Burkina Faso	-	-	2
Burundi	-	-	2
Cameroon	10	9	9
Cape Verde	5	5	5
Central African Republic	4	4	4
Chad	10	8	8
Comoros	-	-	2
Cote D'Ivoire	-	-	2
Democratic Republic of Congo	-	-	2
Djibouti	4	6	7
Eritrea	7	17	18
Ethiopia	-	19	20
Gabon	1	2	3
Gambia	-	-	2
Ghana	49	68	72
Guinea	88	87	87
Guinea-Bissau	2	2	3
Kenya	52	70	70
Lesotho	64	82	82
Madagascar	7	8	8
Malawi	66	61	61
Mali	52	48	48
Mauritania	-	4	4
Mauritius	45	52	52
Mozambique	10	11	11
Namibia	14	15	15
Niger	9	9	9
Nigeria	23	25	27
Republic of the Congo	-	4	4
Rwanda	-	4	6
Sao Tome and Principe	2	2	2
Senegal	46	43	45
Seychelles	1	1	2
Sierra Leone	7	11	13
South Africa	792	957	957
Swaziland	42	43	43
Tanzania	11	10	12

Summary of Students Trained Under IMET

	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
Togo	9	13	17
Uganda	-	4	7
Zambia	15	16	19
Subtotal - Africa	1,606	1,872	1,917
East Asia and the Pacific			
Cambodia	-	-	8
Fiji	-	2	4
Indonesia	-	67	67
Laos	-	2	4
Malaysia	66	61	70
Mongolia	148	128	143
Papua New Guinea	80	100	120
Philippines	129	180	216
Samoa	24	33	33
Solomon Islands	34	82	82
Thailand	152	135	144
Tonga	4	5	5
Vanuatu	27	32	32
Vietnam	-	2	4
Subtotal - East Asia and the Pacific	664	829	932
Europe and Eurasia			
Albania	128	128	144
Armenia	-	16	30
Azerbaijan	-	16	30
Bosnia and Herzegovina	54	59	66
Bulgaria	53	125	138
Croatia	194	219	255
Czech Republic	232	305	322
Estonia	46	61	67
Federal Republic of Yugoslavia	-	-	12
Georgia	158	279	394
Greece	1	20	24
Hungary	103	133	140
Kazakhstan	12	16	21
Kyrgyzstan	11	17	32
Latvia	179	220	242
Lithuania	33	41	46
Macedonia	32	33	38
Malta	37	82	82

Summary of Students Trained Under IMET

	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
Moldova	31	42	44
Poland	64	92	97
Portugal	80	101	114
Romania	284	320	342
Russia	84	200	200
Slovakia	99	113	127
Slovenia	205	244	290
Turkey	235	376	390
Turkmenistan	5	9	9
Ukraine	543	640	640
Uzbekistan	1	40	48
Subtotal - Europe and Eurasia	2,904	3,947	4,384
Near East			
Algeria	9	15	41
Bahrain	21	21	38
Egypt	64	69	69
Jordan	150	176	212
Lebanon	99	109	127
Morocco	81	81	122
Oman	25	50	75
Tunisia	44	45	68
Yemen	9	20	30
Subtotal - Near East	502	586	782
South Asia			
Bangladesh	36	43	53
India	24	48	48
Maldives	7	8	9
Nepal	12	20	25
Pakistan	-	40	40
Sri Lanka	53	58	74
Subtotal - South Asia	132	217	249

Summary of Students Trained Under IMET

	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
Western Hemisphere			
Argentina	210	248	248
Bahamas	12	15	15
Belize	18	22	14
Bolivia	73	77	88
Brazil	26	47	54
Chile	348	361	380
Colombia	513	582	582
Costa Rica	51	60	69
Dominican Republic	58	57	57
Eastern Caribbean	43	52	59
Ecuador	107	122	126
El Salvador	243	298	335
Guatemala	33	40	40
Guyana	15	21	21
Haiti	-	-	2
Honduras	111	127	132
Jamaica	70	90	90
Mexico	116	133	145
Nicaragua	76	128	137
Panama	17	7	8
Paraguay	38	48	48
Peru	60	59	71
Suriname	86	88	121
Trinidad & Tobago	8	9	10
Uruguay	127	132	144
Venezuela	119	123	172
Subtotal - Western Hemisphere	2,578	2,946	3,168
Total	8,386	10,397	11,432

Foreign Military Financing
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
FMF	3,568,373	3,650,000	4,107,200
ERF-FMF	0	45,000	0

Foreign Military Financing (FMF) promotes U.S. national security by contributing to global and regional stability, strengthening military support for democratically-elected governments, and containing transnational threats. In doing so, FMF works to reduce the likelihood of conflict and war that could threaten the United States. The FMF program provides grants for the acquisition of U.S. defense equipment, services, and training. The acquisitions enable key allies and friends to improve their defense capabilities. Improved capabilities strengthen multilateral coalitions with the United States and its allies, better bilateral military relationships between the United States and the recipient nations, and allow friends and allies to be increasingly interoperable with U.S. forces. In particular, FMF is a key assistance tool for supporting U.S. coalition partners in the war on terrorism. Moreover, by increasing demand for U.S. systems, FMF contributes to a strong U.S. defense industrial base - a critical element of U.S. national defense strategy.

The objectives of U.S. military assistance are:

- To assist allies and friends in procuring U.S. defense articles and services that will serve to strengthen their self-defense capabilities, meet their legitimate security needs, and promote defense cooperation.
- To improve key capabilities of friendly countries to contribute to international crisis response operations, including peacekeeping and humanitarian crisis.
- To promote the effectiveness and professionalism of military forces of strategic allies and friendly foreign countries.
- To promote rationalization, standardization, and interoperability of the military forces of friendly foreign countries with the U.S. Armed Forces.
- To support the U.S. industrial base by promoting the export of U.S. defense related goods and services.

FY 2003 FMF grant funding will be used to:

- Promote peace and stability in the Near East. The vast majority of FMF - over 93 percent - goes to the Middle East (Israel, Egypt, and Jordan) to meet the legitimate security needs of parties trying to achieve peace in that region. This assistance supports the long-standing U.S. policy goal of seeking a just, lasting, and comprehensive peace between Israel and its Arab neighbors. Smaller FMF grants support stability in North Africa by helping Tunisia and Morocco meet their security requirements and maintain their stocks of U.S. equipment. FMF funds for Oman and Yemen, as well as increases in funding for Jordan, target security requirements linked to the war on terrorism.
- Help countries in the Western Hemisphere improve their ability to respond to growing regional instability. Funding will assist Colombia's effort to defend its economy by supporting a brigade to protect its oil pipeline. Colombia is a strategic supplier of U.S. imported oil. Funding will also

assist Bolivia, Ecuador, Panama, and Peru to sustain and expand the capabilities of their militaries through force modernization, training, and equipment and enable them to respond to the spillover effect of the drug interdiction effort. Furthermore, funding will permit training and provision of equipment to key countries such as Chile, Argentina, Bolivia, and Uruguay which participate in worldwide peacekeeping operations and humanitarian and disaster assistance operations.

- Support India and Pakistan in their efforts in the war on terrorism and aid Nepal in its efforts to counter the Maoist insurgency.
- Continue efforts to incorporate the most recent NATO members into the alliance and sustain support for Partnership for Peace (PfP) countries in Central Europe, the Baltics, the Caucasus (especially Georgia), and in the Central Asian states, which are on the frontlines of the war on terrorism. The FMF request will help support programs such as defense reform, a crucial building block to establishing civil-military relations. Funding will also permit continued implementation of Membership Action Plans for prospective NATO members, Partnership Action Plans for those countries that participate in the PfP program, and Individual country Action Plan goals for the remaining recipients. Equipment, services, and training provided may include, among other items, communications equipment, air defense radar, tactical vehicles, aviation assets, spare parts and repairs, support for previous Excess Defense Article transfers, and equipment related to nuclear, biological, and chemical threats or use.
- Sustain Philippine military capability, particularly in their effort to address the terrorist threat, and aid in correcting defense budgetary and logistical shortcomings. FMF funding will also be used to continue support for border control and interoperability programs in Thailand, to establish support for the East Timor Defense Force, and to complete the border communications project in Mongolia.
- Contribute to a new Military Health Affairs program that will complement Department of Defense (DoD) training efforts to address the HIV/AIDS crisis facing African militaries. Funding will support regional security and provide assistance to countries, like Botswana and Kenya, that help to bring stability and peace to troubled regions. Assistance will also support continued engagement with the Nigeria military on reform, modernization, and democratization, and with the South African military, including assistance in C-130 fleet sustainment, defense reform, and EEO activities.
- Continue support for the Enhanced International Peacekeeping Initiative, which assists selected foreign countries in developing their institutional capacities to field more efficient and well-led peacekeeping units, creating a bigger pool of potential peacekeepers and reducing dependence on U.S. forces.
- Support DoD costs for the administration of global grant military assistance programs.

The following table in this document depicts the FMF request for FY 2003. Further details about the proposed programs can be found in relevant country program narratives.

Foreign Military Financing
(\$ in thousands)

	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
Africa			
Botswana	1,000	1,000	1,000
Djibouti	100	-	-
Eritrea	-	250	500
Ethiopia	-	250	500
Ghana	500	400	500
Guinea	3,000	-	-
Kenya	1,000	-	1,500
Mali	200	-	-
Military Health Affairs	-	-	2,000
Nigeria	10,000	6,000	6,000
Organization of African Unity	100	-	-
Senegal	800	400	500
South Africa	1,000	6,700	6,000
Zambia	500	-	-
Subtotal - Africa	18,200	15,000	18,500
East Asia and the Pacific			
East Timor	1,796	1,000	2,000
Mongolia	1,995	2,000	1,000
Philippines	1,995	19,000	20,000
Thailand	-	1,300	2,000
Subtotal - East Asia and the Pacific	5,786	23,300	25,000
Europe and Eurasia			
Albania	8,631	4,000	5,000
Armenia	-	4,000	3,000
Azerbaijan	-	4,000	3,000
Bosnia and Herzegovina	5,986	2,250	2,500
Bulgaria	13,470	8,500	9,500
Croatia	3,991	5,000	6,000
Czech Republic	8,981	10,000	11,000
Estonia	6,186	6,250	6,750
Federal Republic of Yugoslavia	-	-	1,000
Georgia	4,490	11,000	7,000
Hungary	8,981	10,000	11,000
Kazakhstan	1,896	2,750	3,000
Kyrgyz Republic	1,846	2,000	4,000
Latvia	5,188	6,250	7,000
Lithuania	6,486	6,593	7,500
Macedonia	13,619	10,500	11,000

Foreign Military Financing
(\$ in thousands)

	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
Malta	2,993	-	1,000
Moldova	1,497	1,250	1,500
Poland	12,274	12,000	13,000
Romania	16,962	9,000	10,000
Slovakia	10,777	7,750	9,000
Slovenia	5,487	4,000	5,000
Tajikistan	-	700	-
Turkey	-	-	17,500
Turkmenistan	699	-	700
Ukraine	3,991	4,000	4,000
Uzbekistan	2,445	207	8,750
Subtotal - Europe and Eurasia	146,876	132,000	168,700
Near East			
Egypt	1,297,140	1,300,000	1,300,000
Israel	1,975,644	2,040,000	2,100,000
Jordan	74,835	75,000	198,000
Morocco	2,495	3,500	5,000
Oman	-	-	20,000
Tunisia	3,493	3,500	5,000
Yemen	-	-	2,000
Subtotal - Near East	3,353,607	3,422,000	3,630,000
South Asia			
India	-	-	50,000
Nepal	-	2,000	3,000
Pakistan	-	-	50,000
Subtotal - South Asia	-	2,000	103,000
Western Hemisphere			
Argentina	998	-	-
Bahamas	139	100	100
Belize	200	200	300
Colombia	-	-	98,000
Dominican Republic	649	350	320
Eastern Caribbean	1,996	2,000	2,130
El Salvador	-	1,000	2,500
Guyana	124	200	400
Haiti	-	300	400
Jamaica	584	600	700
Nicaragua	-	500	500

Foreign Military Financing
(\$ in thousands)

	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
Suriname	-	150	250
Trinidad & Tobago	300	300	400
WHA Conflict Prevention/Response	-	3,000	5,000
Argentina	-	1,000	2,000
Bolivia	-	500	1,000
Chile	-	500	1,000
Uruguay	-	1,000	1,000
WHA Regional Stability	-	-	4,000
Bolivia	-	-	1,000
Ecuador	-	-	1,000
Panama	-	-	1,000
Peru	-	-	1,000
Subtotal - Western Hemisphere	4,990	8,700	115,000
Global			
Enhanced International Peacekeeping	5,986	4,000	4,000
FMF Administrative Costs	32,928	35,000	37,000
Policy Initiatives	-	8,000	6,000
Subtotal - Global	38,914	47,000	47,000
Total	3,568,373	3,650,000	4,107,200
Emergency Response Fund			
Turkey	-	20,000	-
Uzbekistan	-	25,000	-
Total Emergency Response Fund	-	45,000	-

Enhanced International Peacekeeping Capabilities
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
FMF	5,986	4,000	4,000

The Enhanced International Peacekeeping Capabilities (EIPC) initiative strengthens U.S. national security, advances human rights and democracy, and enables humanitarian response in unstable security environments. Regional conflicts that could directly affect the security of the United States and its allies can be contained and moderated by multinational peacekeeping forces trained through EIPC funding. In a very real sense, EIPC contributes substantively to conflict prevention. Professionally trained military peacekeepers can defuse tense situations or misunderstood actions between former protagonists, reduce human rights violations, and enable more rapid establishment of democratic institutions in conflict areas. Finally, EIPC-trained military peacekeepers working alongside the militaries of many nations can establish the secure environment and enhance confidence building to allow for essential humanitarian assistance to be delivered quickly and safely to the most needy.

The primary goal of the EIPC initiative is to assist selected foreign countries in developing their institutional capacities to field more efficient and well led peacekeeping units, capable of taking on the toughest assignments. Peacekeeping is a global responsibility, and many countries are willing to play a role but lack the skills and resources to become effective peacekeepers. The EIPC program makes a significant contribution that is often the difference between whether a country participates or not.

The EIPC program has several objectives, each intended to support the overarching goals of enhancing burdensharing and improving interoperability:

- The first objective, which supports burdensharing, is to help create more professionally competent, properly equipped, and better led peacekeeping units in selected foreign countries. Helping to develop peacekeeping units and capabilities in friendly foreign militaries will obviate the need for U.S. troops. Should joint peacekeeping efforts be undertaken, these actions will increase the forces' interoperability with the U.S. military and its key allies.
- The second objective is ensuring a secure environment for the establishment of democratic institutions in an area of strife. EIPC encourages other countries to establish peacekeeping training centers or dedicated training programs, develop national policies on peacekeeping, and encourage friendly nations to increase their own involvement in peacekeeping operations. The program offers solid lessons in U.S. democratic ideals. Furthermore, exposure to other, democratically oriented military forces enhances understanding among EIPC participants. In this way, EIPC helps create environments conducive to democracy by preparing foreign militaries for peace support operations.
- The third objective is providing the essential secure environment necessary for the delivery of humanitarian assistance to a strife-torn area. EIPC training relates the professional military training and provision of equipment to the humanitarian assistance that militaries in other countries are often called upon to provide.

The FY 2003 request for the EIPC initiative will allow the United States to continue to build effectively on the existing solid foundation. Program support will make it possible to continue implementing common peacekeeping doctrine in recipient training programs and enhancing command and control interoperability at the battalion and higher levels. We will look to regionalize peacekeeping training to enable non-EIPC

countries to participate in quality training, and we will encourage recipient countries to host and participate in regional multinational peacekeeping exercises.

A primary component of the EIPC program is English language training. The UN has formally established English as the “language of peacekeeping.” There is a high demand for English language training, and EIPC funds are used to provide language labs where they can best serve the interests of improving English language understanding. EIPC funds are used to procure non-lethal defense-related training equipment as well. EIPC also funds events with an emphasis on “train the trainer” in order to maximize the benefits of the expenditures. It funds workshops tailored to a country’s peacekeeping training needs and provides for visits to U.S. peacekeeping training centers and installations for senior-level officers and trainers that are directly involved in national peacekeeping training programs. Additionally, EIPC funds help to procure peacekeeping training and doctrine-related manuals and other library resources. Finally, EIPC enables countries to obtain and employ peacekeeping software training simulations rather than relying on more costly field exercises. The EIPC program complements, and is complemented by, non-Foreign Military Financing (FMF) resources, including International Military Education and Training, Excess Defense Articles programs, and CINC peacekeeping exercises.

The core of the EIPC training program is the peacekeeping Training and Education program established by the Center for Civil-Military Relations (CCMR) located in Monterey, California. CCMR serves as the training executive agent for EIPC. It has developed a common core curriculum and program that supports both in-resident instructor courses as well as Mobile Training Teams to assist in the establishment of peacekeeping programs in recipient countries. The benefits of this organized approach using CCMR are already evident, as graduates for a range of countries are using the EIPC common core curriculum to implement changes and improvements in their peacekeeping training programs.

Since its inception, EIPC funds have been allocated to: Argentina, Bangladesh, Bolivia, Bulgaria, Chile, Czech Republic, Fiji, Hungary, India, Jordan, Lithuania, Mongolia, Nepal, Poland, Romania, Slovakia, South Africa, Thailand, Tunisia, Ukraine, and Uruguay.

FY 2003 EIPC funding will build on a record of achievement in assisting selected countries to improve their peacekeeping capabilities. All of the countries that have received EIPC funds have taken decisive steps to increase their international peacekeeping operations role. To cite a few examples:

- Thailand has taken steps to build a regional training center. It established a permanent program in 2001 and continues to build upon it. Bangkok has agreed to provide the Force Commander to the UN Mission in East Timor – the second time it has offered to lead.
- Uruguay accepted command of the Eastern sector of MONUC, the UN mission to the Republic of the Congo – an area larger than the whole of Uruguay, and deployed a first-ever naval riverine unit to patrol the vast waterways in that part of the country.
- Bangladesh was one of the first countries to offer its troops to a follow-on UN military force in Afghanistan.
- Jordan, already fully committed in several UN and NATO-sponsored peace support operations, sent military units to participate in peace support operations in post-Taliban Afghanistan.

FMF Administrative Costs
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
FMF	32,928	35,000	37,000

The requested funding provides for the cost of administrative activities related to non-FMS security assistance programs implemented by the Unified Commands, Military Departments, and Defense Security Cooperation Agency (DSCA).

The proposed program level represents the projected costs required to prudently, and effectively, accomplish the managerial and administrative actions necessary to manage and implement the non-FMS segments of security assistance programs, as authorized under the AECA and the FAA. These functions include staffing headquarters, personnel management, budgeting and accounting, office services and facilities, and support for non-FMS functions of the overseas Security Assistance Organizations (SAOs).

The FMF Administrative Costs account implements such non-FMS activities as: administration of the IMET program; management of drawdowns of military equipment and services; grant transfers of excess defense articles and naval vessels; fulfilling responsibility for monitoring military items previously transferred under the former Military Assistance Program (MAP); reviewing FMF-financed Direct Commercial Contracts (DCC); and management of the FMF program. The initiation and expansion of security assistance relationships with many new democracies around the world require the establishment of SAOs in an increasing number of locations. Administrative costs for headquarters are significantly less than for SAO; in FY 2003 expenses are \$9.5 million and \$27.5 million respectively.

The FY 2003 request for Defense Administrative costs will fund the establishment and/or the continuing operating costs of new SAOs and is essential to the effective management of security assistance programs with these new defense partners. In addition, security costs for all SAOs have increased dramatically. The sustained increases in IMET funding levels from the FY 1995 level of \$26 million has also increased administrative workload and funding requirements. Departmental and headquarters management and oversight for FMF programs, not connected to FMS, have grown significantly. The amount requested is the minimum essential funding to accomplish the mission.

Peacekeeping Operations
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
PKO	126,721	135,000	108,250
ERF-PKO	0	220,000	0

Peacekeeping Operations (PKO) funds support U.S. national interests in promoting human rights, democracy, and regional security. They also facilitate humanitarian responses to crisis situations. PKO funds support the increased involvement of regional organizations in conflict resolution, multilateral peace operations, and sanctions enforcement through provision of logistics support, peacekeeping training, and peacekeeping equipment. The United States has a strong interest in enhancing the ability of other nations to lead or participate in voluntary peacekeeping and humanitarian operations in order to reduce the burden on the United States. PKO funds also help leverage fair-share contributions to joint efforts where no formal cost sharing mechanism is available.

Peacekeeping operations can reduce the likelihood of hostile interventions by other powers, prevent the proliferation of small conflicts, facilitate the stability necessary for the establishment and growth of new market economies, contain the cost of humanitarian emergencies, and limit refugee flows. This is accomplished through separation of adversaries; facilitation of the delivery of humanitarian relief; repatriation of refugees and displaced persons; demobilization, disarmament and reconciliation of combatants; and creation of conditions under which political reconciliation may occur and democratic elections may be held.

PKO funds are designed to advance international support for voluntary multinational efforts in conflict resolution, including support for international missions in response to emerging crises. In FY 2003 PKO programs will:

- Provide funding for Africa Regional Peacekeeping Operations, an account that consolidates numerous peacekeeping needs on the African continent. These needs include assisting ECOWAS and other African countries that are committed to providing peacekeeping troops in support of United Nations missions as well as other initiatives to stabilize West Africa. Funds will also help efforts to resolve conflicts in the Sudan and Burundi. Finally, funds will support efforts of the Joint Military Commission (JMC) to maintain peace in the Democratic Republic of Congo, including disarming, demobilizing, and reintegrating combatants, and will assist efforts by the Organization of African Unity (OAU) to support military observers in Ethiopia and Eritrea.
- Provide funding to initiate a comprehensive U.S. crisis response training program in Africa. The funds requested in FY 2002 for the African Crisis Response Initiative (ACRI) represented final funding for that program. Building on ACRI, the successor program - Africa Crisis Response Training - will enhance African peacekeeping and humanitarian relief capacity. The program will be based on a core course of training in peacekeeping/humanitarian relief tailored to recipient countries' needs with an emphasis, where possible, on training African trainers. It will increase the number of countries receiving common training and equipment for peacekeeping operations. It will also provide select recipients with more robust peace enforcement training. Furthermore, it will provide peacekeeping equipment and support an annual sustainment event to exercise recipient countries' peacekeeping skills.

- Continue funding for the Organization for Security and Cooperation in Europe (OSCE) peacekeeping activities in the Balkans and OSCE preventive diplomacy missions elsewhere in Europe and countries in the Caucasus and Central Asia.
- Continue the Administration's commitment to the Multinational Force and Observers (MFO) in the Sinai and support for U.S. Civilian Police (CIVPOL) assigned to the UN Transitional Administration in East Timor (UNTAET).

The following table outlines the FY 2003 Peacekeeping Operations request.

Peacekeeping Operations
(\$ in thousands)

	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
Africa			
Africa Crisis Response Training	15,618	15,000	10,000
Africa Regional Peacekeeping	30,882	41,000	30,000
Subtotal - Africa	46,500	56,000	40,000
East Asia and the Pacific			
East Timor	8,500	8,000	5,000
Subtotal - East Asia and the Pacific	8,500	8,000	5,000
Europe and Eurasia			
Bulgaria	2,500	-	-
Macedonia	4,100	-	-
OSCE Bosnia	19,800	20,500	17,500
OSCE Croatia	2,900	3,300	2,300
OSCE Kosovo	11,000	14,500	12,500
OSCE Regional	14,221	16,300	14,550
Ukraine	1,200	-	-
Subtotal - Europe and Eurasia	55,721	54,600	46,850
Near East			
Multinational Force and Observers	16,000	16,400	16,400
Subtotal - Near East	16,000	16,400	16,400
Total	126,721	135,000	108,250
Emergency Response Fund			
Pakistan	-	220,000	-
Total Emergency Response Fund	-	220,000	-

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MULTILATERAL ECONOMIC ASSISTANCE

International Financial Institutions
International Organizations and Programs

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International Financial Institutions
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
IFI	1,144,356	1,174,796	1,437,097

Detailed justification not available at time of publication. See FY 2003 budget presentation of the Department of the Treasury.

International Financial Institutions
(\$ in thousands)

	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
Global Environment Facility	107,762	100,500	177,813
International Development Association	773,295	792,400	874,338
Multilateral Investment Guarantee Agency	9,978	5,000	3,631
Asian Development Fund	71,842	98,017	147,386
African Development Bank	6,087	5,100	5,104
African Development Fund	99,780	100,000	118,073
European Bank for Reconstruction and Development	35,700	35,779	35,805
Inter-American Development Bank - Multilateral Investment Fund	9,978	-	29,591
Inter-American Investment Corporation	24,945	18,000	30,352
International Fund for Agricultural Development	4,989	20,000	15,004
Total	1,144,356	1,174,796	1,437,097

International Organizations and Programs
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
IO&P	185,591	208,500	310,400

The FY 2003 request for International Organizations and Programs (IO&P) will advance U.S. strategic goals by addressing challenges that require international consultation and coordination. In some areas, such as protecting the ozone layer or safeguarding international air traffic, solutions cannot be effective unless problems are addressed globally. In other areas, such as development programs and the needs of children and mothers, the United States multiplies the influence and effectiveness of its contributions through support for international programs.

UN Voluntary Fund for Technical Cooperation in the Field of Human Rights

Contributing to the Fund furthers the U.S. goal of promoting democracy and human rights. The United Nations can use the Fund to undertake projects which, in some instances, the United States cannot implement bilaterally. A secure tradition of voluntary funding, anchored by the U.S. contribution, ensures availability of such assistance to those nations that seek help in strengthening their own democratic institutions and protecting the human rights of their citizens. Many of these nations are newly independent and are struggling to adopt, implement, and adhere to the democratic traditions promoted by the donor nations. In recent years, as more countries have begun the transition to democracy, the number of requests for assistance has increased considerably. Maintaining the FY 2001 and FY 2002 contribution level in FY 2003 will help continue to leverage increased contributions by other governments and demonstrate the U.S. commitment to an efficient and responsive human rights mechanism.

UN Voluntary Fund for Victims of Torture

Contributions to this Fund also support the U.S. foreign policy goal of promoting democracy and human rights. Assisting torture victims helps establish and reinforce a climate of respect for the rule of law, good governance, and respect for human rights. U.S. contributions underscore our commitment to the rights of the individual and to the essential importance of protecting these rights. Contributions to the Fund also demonstrate the U.S. commitment to humanitarian assistance to victims of human rights violations. The Fund provides worldwide humanitarian assistance to torture victims and their families and also finances training programs for health care professionals specializing in the treatment of torture victims and human rights courses for government officials and police forces. In 2000, the Fund made grants amounting to more than \$8 million to 187 organizations that provide legal, humanitarian, and other aid to about 60,000 victims worldwide. The U.S. contribution in FY 2003 will help underscore our commitment to the rights of the individual and to the essential importance of protecting those rights.

OAS Fund for Strengthening Democracy

Strengthening democracy in the Western Hemisphere is a key U.S. policy objective. FY 2003 funding will help advance that goal by promoting democracy programs of the Organization of American States (OAS) and leveraging further funding from other donors. In recent years, the OAS has demonstrated newfound strength and purpose in promoting representative democracy and respect for human rights and the rule of law. The Inter-American Democratic Charter, approved in September 2001, is an historic document that boldly reasserts the commitment of the OAS to promoting democracy and establishes practical steps to accomplish that goal. U.S. democracy support funds have played an important role in promoting political reform in Peru, encouraging free and fair elections in Nicaragua, and strengthening democratic institutions

in the hemisphere, including legislatures, political parties, the justice sector, and civil society. Such funds support the Inter-American Commission on Human Rights, which monitors and adjudicates human rights complaints in the hemisphere, and contribute to a successful demining program that has removed 60,000 land mines in Central America. Mandates of the Summit of the Americas, as well as recent OAS commitments to utilize the Inter-American Democratic Charter as a tool to prevent and address threats to democracy, have substantially increased requests for the OAS to facilitate in addressing internal democratic challenges. The new situation has produced a growing and unsatisfied demand for support that the OAS cannot meet through its regular fund in areas such as conflict resolution, leadership training, and the newly energized Inter-American Committee against Terrorism.

UN Development Program (UNDP)

UNDP is the primary technical cooperation agency in the UN system. It is also charged with coordinating development/technical assistance implemented by all UN agencies. As the largest provider of grant-based technical assistance, UNDP implements programs in over 170 countries, emphasizing poverty alleviation through economic and political reform, democracy, and peace building. Its programs support U.S. strategic interests including economic development, democracy and human rights, and global growth and stability. UNDP helps developing countries improve their trade and investment potential, infrastructure, institutions, and rule of law (including anti-corruption). Its projects target governance and institutional capacity building. UNDP has a near universal presence in developing countries and an important record of credibility. UNDP's country-level collaboration enables it to operate effectively in some of the developing world's most isolated and vulnerable people.

Increasing demands are being made on UNDP to play a more forceful role in post-conflict situations. It has major reconstruction responsibilities in, among other areas, East Timor and Afghanistan. A strong UNDP is the best way to counter efforts to put "peacebuilding" activities into assessed accounts. The FY 2003 U.S. contribution will ensure that UNDP will be able to perform this role while maintaining its important governance and capacity building assistance to governments in the least developed countries.

UN Development Fund for Women (UNIFEM)

The U.S. contribution to UNIFEM will enable the organization to act as a catalyst with other UN agencies to ensure broad-based knowledge of the specific concerns of women. Its goal is to improve significantly the status of and opportunities for women in the least developed countries through greater participation in political, economic, and social life. Investments in women – in their health, education, and economic access – are key components of sustainable development. The more education women have, the more likely they are to be economically productive and engage in public life. They are also more likely to begin childbearing later in life, to educate their children, and to have healthier children – passing the advantages they have gained on to the next generation. UNIFEM's goals coincide with several of our strategic goals: economic development, democracy and human rights, and global growth and stability.

OAS Development Assistance Programs

The promotion of economic prosperity, social well-being, and global environmental issues are key U.S. policy objectives. FY 2003 funding will help advance those goals by promoting OAS development programs and leveraging additional contributions from member and observer states. The OAS recently established the Inter-American Agency for Cooperation and Development, headed by a U.S. citizen, to strengthen program execution and provide a mechanism for partnerships with private sector and non-governmental entities to develop projects that promote the use of best practices in education, government procurement, and science and technology. Following the terrorist attacks of September 11, the Agency has been praised for its commitment to training in port security, which supports the U.S. goals of combating

corruption and smuggling. The Agency has been very successful in the area of education by offering several training programs in technical fields. In response to the Summit of the Americas, it has developed training programs for teachers which are available online through the Education Portal of the Americas. Funds are also used to implement cooperative multinational programs in areas such as social and educational development, environmental protection and watershed management, and science and technology. The National Institute of Standards and Technology offers courses through the OAS on standardization that will allow Latin American and Caribbean countries to place their goods on the world market – an essential prelude to the Free Trade Area of the Americas (FTAA). A sustained level of funding in FY 2003 will allow the OAS to meet its Summit of the Americas mandates in health, education, and rural development activities, as well as assist Caribbean and other small-state economies to prepare for the FTAA.

World Trade Organization (WTO)

At the November 2001 WTO Doha Ministerial Conference, the United States and other member countries launched a new round of multilateral trade negotiations. Small, vulnerable, and transition economies were initially reluctant to join the new round negotiations because their limited human and technical resources have made it difficult for them to implement the previous multilateral trade agreement, the Uruguay Round. To encourage these countries to join this new round of global trade talks and to open their markets further to other WTO members, including the United States, the WTO established the Doha Development Agenda Global Trust Fund. The purpose of the Fund is to ensure long-term funding for WTO technical assistance to help developing countries implement previous agreements and participate fully in the upcoming negotiations. Successful and timely conclusion of the new round will help achieve our strategic goals of further market opening, expansion of U.S. exports, and international growth and stability.

The U.S. contribution to the Fund will assist recipient countries in understanding and adopting open and transparent rules and regulatory regimes; implementing multilateral rules (which will help boost U.S. exports); and laying the foundation for sound economic reforms that contribute to growth and stability. During the 1990s, the lowering of trade barriers contributed to five percent GDP growth annually among developing countries who were members of the WTO. During the same period, the lowering of trade barriers helped U.S. exports reach approximately \$1 trillion. Exports generated employment for 12 million Americans.

International Civil Aviation Organization (ICAO)

ICAO's Aviation Security Fund and the Aviation Safety program strengthen aviation security. Their goal is preventing terrorism and unlawful interference with civil aviation and its facilities. They also address inconsistencies in aircraft design, certification standards, and deficiencies in the use of the English language and phraseology in air traffic communications. Following the events of September 11, security has taken on additional urgency at ICAO. The Sept-Oct 2001 Assembly made a number of recommendations regarding security, including the establishment of an audit program to make sure that ICAO standards and security are being implemented throughout the world. In addition, aviation security experts have made a number of recommendations for strengthening and expanding ICAO standards, such as hardening cockpit doors and following more stringent in-flight security procedures. These and other security initiatives were endorsed by ICAO members at the February 2002 high-level ministerial meeting on aviation security.

UN Environment Program (UNEP)

The FY 2003 request includes a U.S. contribution to support UNEP, the primary international environmental organization, and a range of international programs which it oversees, administers, or with which it is associated. This request level is necessary to achieve several important U.S. objectives, such as sponsoring international negotiations on regulating toxic chemicals like DDT that are carried over long distances and pose health risks to U.S. citizens. U.S. funding also helps UNEP address land-based sources of marine pollution; fund the secretariats of several important environmental agreements and UNEP-related programs, including the Intergovernmental Forum on Chemical Safety and the South Pacific Regional Environment Program; and support ongoing work to monitor and assess the state of the global environment. The U.S. contribution is expected to leverage funding from other major donors.

Montreal Protocol Multilateral Fund

The U.S. contribution to the Montreal Protocol will benefit U.S. national interests by protecting the health of American citizens, the world community, and the global environment. The agreement, the Montreal Protocol on Substances that Deplete the Ozone Layer, ratified by the United States in 1988, protects the ozone layer by setting forth measures to control the global emissions of substances, such as chlorofluorocarbons, that deplete it. These manufactured chemicals emitted into the atmosphere have led to the destruction of the stratospheric ozone layer, permitting dangerously high levels of ultraviolet (UV) light to reach the earth's surface. Increasing UV radiation has been linked to higher rates of skin cancer, cataracts, and immunosuppression in humans and other animals, as well as harmful alterations to global ecosystems.

Ozone depletion is a global problem, and the Montreal Protocol Multilateral Fund provides resources to developing country parties to the Protocol to support efforts to reverse the human-created damage to the ozone layer, as a result of emissions of ozone-depleting substances (ODSs). With the U.S. contribution, the Fund will help ensure that ODS phaseout schedules are met. To date, U.S. contributions have provided significant opportunities for American industries to export technologies and consulting expertise. The United States is a leader in ozone protection technologies and has captured a significant portion of the economic opportunities created by Multilateral Fund projects.

International Conservation Programs

Many developing countries face the daunting challenge of improving their meager existences while at the same time preserving their natural resources. Illegal logging and related illegal trade and corruption in the forest sector, for example, are robbing governments of much needed revenue. U.S. contributions to international conservation programs will help to address these problems by providing the means and technical expertise to assist developing countries in building their capacity without neglecting the need to preserve their natural resources. Modest U.S. contributions leverage hundreds of millions of dollars in project co-funding. In addition, these programs offer mechanisms for the exchange of information and new environmental technologies, which have provided valuable new market opportunities for U.S. technologies and expertise. These international programs include:

- The World Conservation Union (IUCN) is a useful forum for the advancement of U.S. conservation and sustainable development objectives and complements the international environmental priorities of U.S. agencies. IUCN technical and management expertise can also help advance emerging U.S. priority issues like minimizing the ecological damage caused by invasive species. The IUCN has six commissions that draw on the knowledge base of 10,000 volunteer scientific experts worldwide. Its mission is to encourage and assist societies throughout the world through the provision of sound scientific and technical advice; to conserve the integrity

and diversity of nature; and to ensure that the use of natural resources is ecologically sustainable. U.S. funding helps to shape IUCN's activities on such U.S. priorities as invasive species, forests, coral reefs, ecosystem management, and endangered species.

- The International Tropical Timber Organization (ITTO) is the only international forum in which both producing and consuming countries of tropical timber participate in efforts to address all aspects of the tropical timber economy and its environmental impact. Its 53 members represent 95 percent of world trade in tropical timber. The United States is one of the world's largest importers of tropical timber, and U.S. domestic and importing industries actively participate in ITTO. ITTO's recognition of the timber market's dependency on sustainable harvesting links U.S. trade interests with U.S. priorities for sustainable forest management, with the goal of ensuring a long-term supply of tropical wood from well managed forests.
- The Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES), the largest global conservation treaty with a total of 154 parties, protects species by managing international trade in certain endangered or threatened plants and animals. CITES advances U.S. environmental goals of preserving global biodiversity, while affording possibilities for their sustainable development. The United States is serving currently as chair of the Standing Committee.
- The U.S. voluntary contribution to the Ramsar Convention helps to support the core budget of the Convention and also funds a U.S.-initiated wetlands training and capacity building grants program for the Western Hemisphere. Ramsar relies on contributions from its 123 parties to carry out the work of the Convention through a small secretariat. The United States maintains a decision-making role in the grants funded under this initiative.
- Based on a U.S. proposal, the UN Forum on Forests (UNFF) was established in October 2001, replacing the Ad Hoc Intergovernmental Forum on Forests (IFF). The United States was actively engaged in establishing the UNFF as a practical and results-oriented mechanism to facilitate and improve coordination and efficiency among major multilateral forest-related initiatives. The UNFF is supported by voluntary contributions. The goal of the UNFF is to promote forest conservation and sustainable management globally to raise the forest standards of other countries.
- The Convention to Combat Desertification (CCD) stresses the global dimension of land degradation and is intended to address the fundamental causes of famine and food insecurity, especially in Africa, by stimulating more effective partnership among government representatives, local communities, NGOs, and aid donors, and by encouraging the dissemination of information derived from new technology. Contributions to the CCD Secretariat support the aim of the Convention, to which the United States became a party in February 2001.
- The United States is one of 12 member countries of the Montreal Process Working Group on Criteria and Indicators for the Conservation and Sustainable Management of Temperate and Boreal Forests. The Montreal Process countries account for 60 percent of the world's forests and over 90 percent of the world's non-tropical forests, as well as 40 percent of world trade in forest products. Participation enables the United States to advance national interests by promoting sustainable forest management in the developing countries of the Montreal Process and advancing the use of criteria and indicators worldwide.

Intergovernmental Panel on Climate Change (IPCC) / UN Framework Convention on Climate Change (UNFCCC)

The IPCC and UNFCCC are the premier international structures for scientific assessments of climate change and for multilateral efforts addressing climate change. Multilateral efforts include the development of market incentives, new technologies, and other innovative approaches to this serious environmental problem. U.S. participation in the IPCC and UNFCCC encourages an international approach on climate change and helps ensure that these international efforts are science-based and consistent with U.S. environmental and economic interests.

The FY 2003 budget request for the IPCC and UNFCCC will be used to support: IPCC core activities and programs; the UNFCCC administrative budget for the 2002-03 biennium; voluntary contributions toward UNFCCC trust funds for developing country participation and for supplementary activities that advance U.S. interests; and the Global Climate Observing System for providing comprehensive observations for monitoring, modeling, and predicting climate variability and change.

International Contributions for Scientific, Educational & Cultural Activities (ICSECA)

The ICSECA account supports U.S. international efforts to secure a sustainable global environment and to promote democratic practices and respect for human rights through participation in selected UNESCO activities. FY 2003 funds will support programs that enable the U.S. to take initiatives within UNESCO multilateral programs. These support literacy and human rights and democracy education; improve access to education for girls; safeguard free flow of ideas and press freedom; and promote the advancement of scientific knowledge and capacity building in science.

The ICSECA account facilitates flexible, collaborative partnerships between international governmental and non-governmental organizations concerned with the advancement of science and technology, the understanding of global environmental problems, the promotion of democratic practices, and the opening of education for all. Recipients include the Intergovernmental Oceanographic Commission's Global Oceans Observation System and the World Heritage Convention; the International Council for Science in support of UNESCO-related programs that address global environment change and natural hazards reduction; and the U.S. Commission on Libraries and Information Science to promote international access to electronic information storage. Funding to ICSECA supports free press; literacy; democracy and human rights education; scientific cooperation; and international activities of the Man in the Biosphere Program, the UNESCO International Hydrological Program, the Intergovernmental Oceanographic Commission, and HIV/AIDS education. The U.S. withdrew from UNESCO in December 1984.

World Meteorological Organization (WMO) Voluntary Cooperation Program

The WMO's Voluntary Cooperation Program provides training and equipment to help developing countries participate in WMO programs, particularly the World Weather Watch (WWW). WWW provides the framework to coordinate the exchange of weather data and information through observing, telecommunication, and processing centers operated by nations throughout the world. The result of the WWW programs is the 24-hours-per-day/7-days-a-week global exchange of vital atmospheric and oceanic data and products to give the United States and other nations the basic information needed to forecast severe weather events; assist with critical information on natural and man-made disasters that affect life, safety, water use, and crop yields around the globe; support civil aviation; provide basic global data needs for industry and many U.S. agencies, including the Department of Defense; and monitor changes in the climate throughout the world.

United Nations Children's Fund (UNICEF)

Since its creation in 1946, UNICEF has maintained its responsibilities for children in emergency situations but also has become the pre-eminent long-term development fund addressing the needs of children and mothers. The FY 2003 U.S. contribution to UNICEF will aid in providing goods and services directly, as well as in developing national capacity to help meet basic needs in maternal and child survival and health care, sanitation, clean water, nutrition, primary education, HIV/AIDS prevention, and child protection (child labor, child soldiers, and the commercial sexual exploitation of children). UNICEF has approximately 5,600 posts in 161 countries. Its development work complements USAID's Child Survival programs and the Center for Disease Protection's polio eradication program and is closely coordinated with those U.S. agencies. Working with the UN Office for the Coordination of Humanitarian Affairs, UNICEF provides emergency assistance in countries destabilized by civil strife or natural disasters, most recently in Afghanistan, Kosovo, East Timor, and Africa. With two decades of on-the-ground experience in Afghanistan, UNICEF is concentrating on immunizations and vitamin A supplements, water and sanitation, and primary education.

International Organizations and Programs
(\$ in thousands)

	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
International Organizations			
OAS Development Assistance Programs	5,500	5,500	5,500
OAS Fund for Strengthening Democracy	2,500	2,500	2,500
UN Voluntary Fund for Technical Cooperation in the Field of Human Rights	1,500	1,500	1,500
UN Voluntary Fund for Victims of Torture	5,000	5,000	5,000
World Food Program	5,000	6,000	-
UN Development Program	87,091	97,100	100,000
UN Development Fund for Women	1,000	1,000	1,000
World Trade Organization	1,000	1,000	1,000
International Civil Aviation Organization	300	300	300
UN Environment Program	10,000	10,750	10,025
Montreal Protocol Multilateral Fund	26,000	25,000	23,000
International Conservation Programs	5,450	7,700	6,225
International Panel on Climate Change/UN Framework Convention on Climate Change	6,500	7,400	5,600
International Contributions for Scientific, Educational, and Cultural Activities	1,750	1,750	1,750
World Meteorological Organization	2,000	2,000	2,000
UN Children's Fund	-	-	120,000
UN Population Fund	25,000	-	-
Reserve to be Allocated	-	34,000	25,000
Subtotal - International Organizations	185,591	208,500	310,400
Total	185,591	208,500	310,400

II. REQUEST BY REGION

Africa
East Asia and the Pacific
Europe and Eurasia
Near East
South Asia
Western Hemisphere

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AFRICA

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Angola
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
CSD	7,287	6,975	0
DA	2,676	3,758	7,400
ESF	2,491	0	0
IMET	0	100	100
NADR-HD	2,844	2,800	3,500
P.L. 480 Title II	33,481	3,386	8,004

The primary U.S. national interests in Angola are American citizens, democracy, economic prosperity, and humanitarian response. Ensuring the safety of American citizens, U.S. businesses, and U.S.-funded NGOs is our highest priority due to the ongoing war. Achieving an end to Africa's longest civil war is a fundamental step in promoting democratic governance, improved human rights, and economic reform. The United States seeks to ensure U.S. private-sector access to a source of 4-5 percent of U.S. petroleum imports, a figure likely to rise in the coming years, and to the second largest site of U.S. private investment in sub-Saharan Africa. Humanitarian assistance will continue to be a critical need, as Angola endures its civil war and the legacy of up to eight million landmines in its soil. Even if the war were to end, assistance would continue to be needed as Angola transitioned to peace. Angola has been publicly supportive of the U.S. anti-terrorism campaign and helpful in regional fora.

The United States is actively engaged in bilateral and multilateral efforts to address the humanitarian repercussions of the conflict in Angola and seeks to support the creation of the political, economic, and social foundations for an eventual peace to take hold. U.S. assistance is designed to help Angola establish the basis for peaceful development after enduring decades of devastating conflict, including by expanding economic reforms, political discussion, and preparing for eventual elections, possibly in 2003. Previous U.S. assistance has encouraged progress in all these areas, expanding prospects for economic and political reform, as well as improving prospects for social justice and addressing Angola's humanitarian needs.

In FY 2003, Development Assistance (DA) in Angola will support recovery of small-holder agricultural production, assist victims of landmines, and support economic reform. Funds will also be used to continue an HIV/AIDS awareness program and to address Angola's chronic health care problems, specifically in the areas of maternal and child care, immunizations, training of health workers, and potable water for rural communities.

FY 2003 DA-funded democracy and governance programs are intended to strengthen elements of civil society including NGOs, the independent media, and political parties, as well as the multiparty National Assembly. These will be supplemented by small grants from regional Democracy and Human Rights funds.

The United States will draw on regional FY 2003 Economic Support Funds (ESF) to strengthen bilateral relations with the Government of Angola and to encourage political and economic reform. ESF will support initiatives raised in bilateral fora and discussed during bilateral consultations to advance our political, economic, and humanitarian goals. ESF will also assist in electoral preparations and the expansion of political space and also will assist economic reform efforts. Progress in these areas is an essential prerequisite to Angola's eventual accession to the African Growth and Opportunity Act. Modest International Military Education and Training (IMET) programs in FY 2003 will advance initiatives to promote greater awareness in the Angolan military of democracy, human rights, the rule of law, and

effective civil-military relations, as well as English language courses to improve the Angolan military's ability to interact with U.S. officials.

Other assistance programs will address the repercussions of the Angolan conflict. A landmine awareness and clearance program using Nonproliferation, Anti-terrorism, Demining, and Related Programs (NADR) funds will continue in FY 2003. It will focus on reducing landmine casualties and safely resettling internally displaced persons (IDPs) on agricultural land, enabling them to achieve food self-sufficiency. Angola may be eligible to receive Excess Defense Articles (EDA) on a grant basis in FY 2003 under Section 516 of the Foreign Assistance Act. Upon resolution of the current conflict, EDA would be used for demining and peacekeeping activities and the implementation of a peace process.

More than three decades of internal conflict have left Angola with one of the world's most serious landmine problems, with landmine estimates ranging from 200,000 to 6 million throughout eight heavily mined provinces and covering nearly 50 percent of the country. U.S. assistance has helped Angola train and equip deminers to clear land for the resettlement of thousands of refugees and IDPs. In FY 2002, NADR funds are supporting NGO demining efforts that will provide for resettlement of IDPs, increased agricultural land for subsistence farming, access to water and firewood for the resident civilian population, and access routes for other humanitarian relief organizations. FY 2003 NADR funds will be used to continue NGO demining efforts that directly support the safety and survivability of the Angolan people.

Benin
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
CSD	10,158	6,738	0
DA	3,723	7,862	12,261
IMET	384	400	400
Peace Corps	1,862	2,102	2,114
P.L. 480 Title II	4,090	3,998	4,023

The primary U.S. interests in Benin are strengthening democracy and responding to humanitarian problems, particularly the impact of HIV/AIDS and trafficking in persons. Our strategy for addressing these interests is to strengthen education and to support economic reform and growth. The United States seeks to reinforce Benin's support of regional stability and peacekeeping through diplomacy and military-to-military contacts. While small, Benin plays an outsized role both as an example of a functional democracy and a country with an increasingly free-market economy in a region struggling to make permanent progress in these two important areas of U.S. interest.

In FY 2003, Development Assistance (DA) will focus on building the institutional capacity of Benin's civil society, and promoting the rule of law and separation of governmental powers via technical assistance to legislative institutions. DA will support non-governmental health institutions' HIV/AIDS prevention and family planning strategies, improve school attendance, and enhance child health care. Benin's Peace Corps contingent supports U.S. assistance efforts in the health and education arenas.

Regional International Narcotics Control and Law Enforcement (INCLE) funds and DA via the West Africa Regional Program will help implement a comprehensive program to confront the pervasive problem of Trafficking in Persons. Professional traffickers operating in Benin send children to work in cocoa plantations, principally in neighboring Cote d'Ivoire and Ghana. They have abused the traditional practice of *videgmon*, in which children are sent to work and be educated with relatives. The Government of Benin has begun to reform inadequate laws and educate rural parents with the assistance of DA.

In FY 2003, International Military Education and Training (IMET) will reinforce civilian control of Benin's military and help develop a professional, non-political, and well-trained military force, contributing to Benin's stability and regional peacekeeping capacity. IMET courses will continue to focus on command and Staff College, civil-military relations, English language training, and technical specialty training. Benin's armed forces will be eligible to receive Excess Defense Articles (EDA) on a grant basis in FY 2003 under Section 516 of the Foreign Assistance Act. EDA would support Benin's participation in regional peacekeeping activities.

Benin is eligible for trade benefits under the African Growth and Opportunity Act. Once it is certified to export apparel to the U.S. market duty-free under the Act's apparel provision, Benin will be in a position to attract investment, create jobs, and boost economic growth. Benin is also eligible for the Highly Indebted Poor Country Initiative and receives substantial debt reduction and stabilization assistance from multilateral lending institutions.

Botswana
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
FMF	1,000	1,000	1,000
IMET	663	580	600

The primary U.S. interests in Botswana are democracy and global/humanitarian issues, most significantly preventing the spread of HIV/AIDS. Botswana, both as an exemplary market-oriented democracy and as a SADC member, also has an important role to play in supporting U.S. goals in southern Africa, including regional stability. A signatory to all 12 anti-terrorism conventions, Botswana has been active in the war against terrorism, especially in financial matters. It has been a strong supporter of U.S. law enforcement and counter-terrorism efforts and is host to an International Law Enforcement Academy.

U.S. assistance efforts focus on supporting Botswana's stable democracy, expanding U.S. business opportunities, and encouraging an active leadership role in the region, particularly on regional security and conflict resolution matters. U.S. assistance to date has had a significant impact in helping Botswana develop its indigenous capability to combat the AIDS epidemic and has helped foster professionalism in Botswana's military.

Botswana enjoys relative economic prosperity and is not a recipient of bilateral Development Assistance (DA). U.S. government agencies, led by the Centers for Disease Control and Prevention, contributed about \$12 million in FY 2001 in programs designed to test for, prevent, or treat HIV/AIDS and related illnesses. U.S. goals in the areas of democracy, economic development, and global issues such as HIV/AIDS and the environment are generally supported by a variety of regional funding programs. Botswana is eligible to receive trade benefits under the African Growth and Opportunity Act (AGOA) and in August 2001 qualified for AGOA textile/apparel preferences after putting in place customs control measures to counteract illegal transshipment.

Botswana has the highest reported per capita HIV prevalence rate in the world at 35.8 percent of adults aged 15-49. Life expectancy has been reduced from 69 to 44 years, and today's 15-year-olds have a better than fifty percent chance of dying of HIV-related causes. The epidemic threatens to shave 1.5 percent per year off Botswana's GDP growth rate.

Botswana has one of the region's most professional and responsible military establishments and offers a model for civilian-military relations for the rest of the continent. Botswana has provided a venue for regional military exchanges that have fostered a spirit of regional cooperation. Through the International Military Education and Training (IMET) program the United States seeks to expand connections with Botswana's military leaders and support their interest in strengthening both regional civil-military and military-military relations, as well as improve their capacity to participate meaningfully in peacekeeping operations. The FY 2003 IMET program will continue to train Botswana Defense Force (BDF) officers.

Botswana will also receive Foreign Military Financing (FMF) in FY 2003. FMF funds will be used for C-130 parts and maintenance, allowing the BDF to more rapidly deploy troops for both peacekeeping and disaster relief. Botswana will be eligible in FY 2003 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Grant EDA will primarily support Botswana's peacekeeping activities.

Burkina Faso
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
IMET	0	0	50
Peace Corps	1,747	1,868	1,880
P.L. 480 Title II	10,969	2,811	10,121

The primary U.S. national interest in Burkina Faso continues to be the promotion of democracy. Other interests are achieving regional stability, responding to humanitarian crises, establishing respect for human rights, improving economic development, combating child labor, reducing poverty, and eradicating disease, including combating HIV/AIDS. HIV/AIDS is now estimated to infect 7.17 percent of the total population.

Forty-five percent of the population of Burkina Faso lives below the poverty line. Recent droughts and desertification have severely affected agricultural activities, population distribution, and economic development. Only 13 percent of the land is arable and the soil is impacted by overgrazing, depletion of nutrients, and deforestation.

The Government of Burkina Faso has ratified 5 of 13 international anti-terrorist accords and is in the process of endorsing the remaining ones.

The United States continues to support democracy through diplomacy and Development Assistance (DA) grants from the Democracy and Human Rights Fund (DHRF). FY 2003 DHRF will continue to support distribution of materials, in local languages, on democracy, human rights, and rights under Burkinabe law.

The FY 2003 International Military Education and Training (IMET) program will increase understanding and defense cooperation. A major objective of IMET will be to reinforce the need for basic democratic concepts and respect for human rights within the professional military officer corps as well as within the civilian population. This is done through seminars involving both military and civilians.

The Peace Corps program in Burkina Faso addresses the need for assistance in promoting health awareness, especially concerning HIV/AIDS, and basic primary education.

Burkina Faso is a member of the Organization of African Unity (OAU) and the Economic Community of West African States (ECOWAS) and participates in the Heavily Indebted Poor Countries Debt Reduction Initiative.

Burundi
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
CSD	0	500	0
DA	0	3,000	4,000
IMET	0	0	50
P.L. 480 Title II	9,825	0	0

The primary U. S. national interests in Burundi are American citizens, democracy, and humanitarian response. Ensuring the safety of American citizens is of high priority because of Burundi's nine-year civil war. Failure of the ongoing peace process could bring a return to the ethnic-based civil war that has already cost over 200,000 lives and required substantial humanitarian assistance. A peace accord was signed in August 2000 and a transition government installed in November 2001, but two rebel groups remain outside the peace process. As a result, the country continues to be plagued by a conflict that generates humanitarian crises and human rights abuses, threatens regional stability, stifles democratic government, and precludes economic development. Once the last two rebel groups are incorporated in the peace process, Burundi will be better placed to advance toward a democratic government and the development of its economy, contributing to the stability of the Great Lakes region.

The United States has diplomatically and financially supported the Burundi peace process, facilitated by former South African President Nelson Mandela. In prior years the United States has provided Economic Support Funds (ESF) to support the peace negotiations in Tanzania, conflict resolution throughout the country, and electoral initiatives. Additionally, funds supported the South African Special Protection Unit currently in Burundi to protect returning opposition political figures, as provided for in the peace agreement. FY 2003 ESF will be used to fund the work of the Implementation Monitoring Commission, the organization supporting the implementation of the peace agreement, and the establishment of transitional government organizations such as the National Assembly and Senate. FY 2003 ESF will also be used to support cease-fire negotiations between the transition government and rebels remaining outside the agreement. Through the African Regional and Countries in Transition programs, ESF funds will support and foster reconciliation, justice initiatives at the community level, and economic empowerment and inclusion through non-governmental and grassroots organizations. If the peace process continues successfully, Development Assistance (DA) funding in FY 2003 will be used to support a variety of programs, including agricultural development, health, and democratic government projects.

The Burundi peace agreement also calls for the formation of a new, ethnically balanced military. Once political and security events have evolved satisfactorily, the United States should be prepared to begin a small program to assist the military in its integration and reform efforts. The FY 2003 International Military Education and Training (IMET) program may include an orientation tour for high-level military personnel and courses covering civil-military relations, human rights, and military justice.

The President determined that Burundi was not eligible to receive trade benefits under the African Growth and Opportunity Act in 2001.

Cameroon
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
IMET	223	190	200
Peace Corps	2,637	2,876	2,821

The primary U. S. national interests in Cameroon are promoting democracy, including respect for human rights, and economic development. Cameroon’s democratic institutions are weak. Human rights abuses by Cameroon’s security forces are a serious problem. Cameroon has the largest and most diverse economy in the Central African sub-region. Cameroon also serves as a non-permanent member of the UN Security Council in 2002 and 2003. In addition, Cameroon 's strategic location and excellent airport facilities make it ideal as a staging area for humanitarian interventions in the region.

Economic Support Funds (ESF) provided in prior years through regional programs were used to train members of non-governmental organizations and independent media who work on monitoring and tracking human rights issues. FY 2003 ESF grants through the Africa Regional Fund will be considered to improve the capabilities and operations of Cameroon's National Election Observatory. This independent body is charged with ensuring free, transparent elections. U.S. funding, if approved, would support improved communications and transportation capabilities, plus training for staff and election monitors. This proposal would support improved democracy and governance.

Cameroon is eligible to receive trade benefits under the African Growth and Opportunity Act. Cameroon is also eligible to receive debt relief under the enhanced Highly Indebted Poor Countries initiative.

International Military Education and Training (IMET) funds for FY 2003 will be used for professional military development courses that focus on resource management, civilian-military relations, and English language proficiency. Support to the Cameroonian military promotes positive military-to-military relationships and increases understanding of the constructive role the military can play in promoting civilian programs. IMET funds help ensure more ready access to Cameroonian air and port facilities.

Cameroon will also be eligible in FY 2003 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. EDA material will support Cameroon’s internal security, counter-drug, and continuing professionalization and modernization efforts.

Cape Verde
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
IMET	126	120	120
Peace Corps	1,188	1,238	1,216
P.L. 480 Title II	3,569	3,150	3,500

Cape Verde is an island nation of stability and democracy in a region of instability. Democracy continues to be the principal U.S. national interest, along with our humanitarian interest in averting starvation in this arid island nation. Although it harbors no known terrorists, Cape Verde has been an enthusiastic supporter of the war against terrorism, promising full cooperation and a willingness to adopt anti-money-laundering measures at our suggestion. With almost 40 percent of its citizens living in the United States and a significant number of U.S. citizens resident on the islands, protection of American citizens' welfare is another important interest.

U.S. assistance to Cape Verde has enhanced national integrity and supported market-based economic reforms. In addition, our food assistance has significantly reduced human suffering. Due to climatic limitations, Cape Verde is incapable of food self-sufficiency and must import between 76 and 90 percent of its food each year. Global Food For Peace (FFP) funds have been used to meet this chronic food deficit. The counterpart funds generated by the food assistance program have contributed to the development of improved agriculture techniques and higher yield crops. Overall, this program has been called a model for food aid management. It has succeeded in providing food and promoting sustainable, profitable, economic activities, including a micro loan program with a payback rate of over 98 percent. FY 2003 FFP funds for this program will relieve human suffering and encourage the development of open markets.

Economic development and humanitarian assistance are also areas where the Peace Corps, active on all of Cape Verde's inhabited islands, plays a pivotal role. Volunteers are involved in projects ranging from English language teaching and education to urban planning. The services they provide are essential to the viability of some of Cape Verde's most important efforts to improve its niche in the coming century. To date the major activities have been teaching English in secondary schools and assisting local government to enter the Information Age. Added emphases will include vocational education and internet instruction for youth and adults throughout the country.

In its 26 years of independence, Cape Verde has been free of internal and external conflict and its military has consistently played a constructive role in civil society. FY 2003 International Military Education and Training (IMET) funds will provide officer development training programs, a low-cost investment to help ensure the continued professionalism of Cape Verde's military under civilian, democratic leadership. In addition, IMET will support training for the Cape Verdean military to enhance English language capabilities, necessary for effective international cooperation on matters such as maritime patrols to interdict drug smuggling. Cape Verde will be eligible in FY 2003 to receive grant Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Cape Verde is interested in an EDA transfer to enhance the country's ability to protect its fisheries and combat drug smuggling.

Cape Verde remains eligible for trade benefits under the African Growth and Opportunity Act (AGOA). Taking advantage of this opportunity will further boost economic growth and provide employment, increasing stability in Cape Verde and the region. Cape Verde is a member of the Economic Community of West African States (ECOWAS) and the Organization of African Unity (OAU) and has received substantial reductions in debt payments and associated stabilization assistance from multilateral lending institutions through the Heavily Indebted Poor Countries (HIPC) Initiative.

Central African Republic
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
IMET	116	110	110
P.L. 480 Title II	244	0	0

Key U.S. interests in the Central African Republic (CAR) are democracy, economic development, and humanitarian assistance. U.S. goals are economic, political, and military reforms to promote democratic governance, including respect for human rights, and to prevent a recurrence of the military mutinies and civil strife that occurred in 1996, 1997, and 2001.

The CAR is recovering from an attempted coup d'etat in May 2001 to depose the democratically elected government of President Ange-Felix Patasse. Coup-related military action resulted in disruption of the economy, destruction of property, and a large out-flow of civilian and military refugees into neighboring countries requiring international assistance from the UN. Civilian unrest, government mismanagement, and economic disruption continue to hinder the country's development. The government has occasionally responded to its budgetary woes and labor unrest by using its security forces to crack down on the country's free press, labor unions, and opposition party leaders resulting in human right abuses.

The CAR is eligible to receive trade benefits under the African Growth and Opportunity Act. Through Economic Support Funds (ESF) provided in prior years, the United States supported the CAR 's democratic development through civic education programs on a non-profit radio station and training for members of parliament. FY 2003 ESF grants from the Africa Regional Fund to support training of parliamentarians and election administrators will be considered if conditions warrant. FY 2003 International Military Education and Training (IMET) funds will be used to promote basic democratic values and respect for human rights in the CAR's armed forces. Specifically, IMET funds will be used for English language training, professional military education and training on civil/military relations, and military justice.

The CAR will be eligible in FY 2003 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Grant EDA will help to strengthen professionalism within the CAR military and thereby contribute to improved civilian-military relations.

Chad
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
IMET	173	130	130
NADR-HD	300	350	350
P.L. 480 Title II	4,472	1,254	0

U.S. interests in Chad are economic development and promotion of democracy and respect for human rights. Significant U.S. investment in the petroleum sector is being leveraged to promote economic prosperity and appropriate governance strategies.

Occupying a strategic position, Chad is vulnerable to its neighbors Libya and Sudan. U.S. assistance provides a counter-balance by promoting a stable and democratic society. Democratic institutions are developing slowly. Administrative problems marked the 2001 presidential elections, although the process was better managed than in previous elections. Chad is also pursuing political reconciliation with former rebel groups and exiled opposition political leaders. A U.S. majority-owned consortium's investment of \$4 billion in petroleum development in southern Chad and the related Chad-Cameroon pipeline project is reportedly the largest infrastructure project in Sub-Saharan Africa. Additional U.S. interest arises from the Export-Import Bank's support for the project and international financial institutions' interest in assuring that oil revenues benefit local communities and protect the environment through poverty alleviation programs and project-related environmental safeguards.

Chad is eligible to receive trade benefits under the African Growth and Opportunity Act. Economic Support Funds (ESF) provided in prior years through Africa Regional Democracy funds and the Education for Development and Democracy Initiative supported local elections and educational programs for girls. FY 2003 ESF grants from Africa Regional funds would provide training and equipment to the National Assembly and courts, plus support conflict resolution programs in the schools. Respect for human rights and appropriate civil/military relations will also be supported through FY 2003 International Military Education and Training (IMET) funds for training on civil-military relations, military justice, and human rights issues. The IMET program enables U.S. trainers to build important military-to-military contacts that help combat anti-U.S. influences in Chad and serve as a basis for future regional peacekeeping efforts.

Chad will be eligible in FY 2003 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Grant EDA will support Chad's humanitarian demining efforts and assist in countering the small-scale insurgency in the north.

FY 2003 Nonproliferation, Anti-terrorism, Demining, and Related Programs (NADR) funds will enable Chad to continue humanitarian demining operations that eliminate injuries and loss of life, restore land to productive use, and permit improvement of regional infrastructure, thereby advancing opportunities for economic development.

Comoros
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
IMET	0	0	50

The primary U.S. national interests in the Comoros are support for democracy, human rights, and counterterrorism. The Comoros have been plagued by political instability through numerous coups and secessionist attempts since its independence from France in 1975. With the assistance of the Organization of African Unity, the disputing factions crafted a framework agreement in early 2001 that called for a new constitution based on a confederation arrangement. In a referendum in December 2001, the electorate voted overwhelmingly in favor of the new constitution. This signals the beginning of a hopeful reunification and reconciliation process. National elections are expected in the spring of 2002.

The Comoros condemned the September 11 terrorist attack on the World Trade Center. Resolution of the uncertain political stability in the Comoros will be a significant factor in our near-term, future bilateral relationship.

One of the greatest challenges in the Comoros is to re-educate the military factions that have grown accustomed to the recurring cycles of armed insurrection. Once a new government is elected, International Military Education and Training (IMET) programs will help build a professional military that respects civilian rule. These training programs will reinforce the important elements of nation-building and enhance the capacity for military discipline. It is anticipated that training will include professional military education and training on appropriate civil-military relations.

Cote d'Ivoire
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
IMET	0	0	50
Peace Corps	2,840	3,074	3,093

The primary U.S. national interests in Côte d'Ivoire are strengthening democracy, humanitarian response resulting from regional instability, and global issues such as combating the spread of HIV/AIDS and child trafficking. The United States also needs to engage Côte d'Ivoire in the war on terrorism. Côte d'Ivoire is West Africa's hub for aviation and banking, but control of its borders is limited and oversight of its financial institutions is weak. Abidjan is host to a large and wealthy community of Lebanese merchants whose relations with questionable charities or possibly Hizballah are areas of concern. The overthrown coup leader, General Gueï, remains in the country, has armed supporters, and has probably received support from Liberian President Taylor, who is believed to have used Ivoirian territory to evade the United Nations Security Council arms embargo. The potential Taylor-Gueï alliance could result in a widening of regional conflict to Côte d'Ivoire. This volatile situation argues for limited reengagement with the Ivoirian military now. A return to economic growth and development in Africa's third largest economy also would lessen the potential need for humanitarian assistance and improve U.S. export opportunities.

USAID has never had a bilateral presence in Côte d'Ivoire, although several regional programs (including ones to combat child trafficking and HIV/AIDS) were active and will continue through non-government organizations in FY 2003.

Sanctions that prohibit provision of foreign assistance are mandated by Section 508 of the Foreign Assistance Act (FAA) and were applied after Côte d'Ivoire's December 1999 military coup d'etat and the flawed October 2000 presidential election, in which junta leader General Gueï excluded the two top parties' candidates. Despite Gueï's efforts to steal the election, he was defeated at the polls by Laurent Gbagbo and routed by popular protest. The administration of President Gbagbo has made significant progress towards normalcy. It is governing in a democratic manner, held free and fair municipal elections in March 2001, and recently concluded a successful National Reconciliation Forum that engaged the leaders of the government and three primary opposition groups to agree on next steps. Sanctions preclude U.S. engagement with Côte d'Ivoire even in areas of mutual interest, e.g., fighting terrorism by providing assistance to monitor and control financial flows, increasing border and air travel security, and pursuing military cooperation.

If relieved of Section 508 restrictions, the Administration would use Africa Regional Economic Support Funds (ESF) to undertake anti-terrorist cooperation with Côte d'Ivoire in the areas of border control, financial controls, and aviation security, as well as to facilitate implementation of recommendations from the National Reconciliation Forum.

If Côte d'Ivoire were found eligible for the International Military Education and Training (IMET) program in FY 2003, IMET would support programs to enhance Ivoirian military professionalism and acceptance of civilian control and respect for human rights. Some training might focus on medical/health issues, such as HIV/AIDS, which affects at least ten percent of Ivoirian military personnel.

If Côte d'Ivoire were eligible in FY 2003 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the FAA, grant EDA would support Cote d'Ivoire's ongoing efforts to secure its borders and would provide a tangible indication of our cooperative relationship.

Not currently prohibited from doing so by 508 sanctions, the Administration intends to resume Department of Defense-funded Joint Combined Education Training and senior military to military contacts.

Côte d'Ivoire is working to meet the eligibility criteria for trade benefits under the African Growth and Opportunity Act (AGOA).

Democratic Republic of Congo
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
CSD	15,337	17,328	0
DA	4,788	3,965	21,500
IMET	0	0	50
P.L. 480 Title II	14,244	1,219	0

Humanitarian response is the most significant U.S. interest in the Democratic Republic of Congo (DRC), followed by concern for democratic reform, protection of American citizens, global issues including promoting health, and economic development. The war in the DRC threatens regional stability, creates humanitarian crises, retards progress on political and economic reform, and increases risks to U.S. citizens. Once economic development recommences and there is effective government control over DRC territory, U.S. businesses will seek to increase investments in, and exports to, the DRC.

The United States has worked with the international community to pursue a negotiated end to the war and a transition to democratic rule in the DRC. In July and August 1999, the belligerents signed the Lusaka Cease-Fire Agreement to achieve these goals. Following the assassination of President Laurent Kabila, the parties began to make progress in implementing the agreement, including a disengagement of forces and deployment of a UN peacekeeping mission in Congo. A Congolese national political dialogue, called for in the Lusaka Agreement, began in February 2002 in South Africa.

FY 2002 Contributions for International Peacekeeping Activities (CIPA) funds paid for the U.S. share of the UN observer mission in Congo, which provides advice and assistance as the UN works with the parties to the Lusaka Agreement in peacekeeping-related activities. FY 2003 CIPA funds will support continuation of the UN peacekeeping role. The budget proposal for FY 2003 provides for the deployment of troops and military observers up to authorized levels. The Lusaka Agreement also calls for the formation of a new army composed of government and rebel forces. Upon resolution of the conflict, International Military Education and Training (IMET) funds would be used for professional training and development, particularly in civil-military relations, the rule of law, and respect for human rights. The DRC may be eligible in FY 2003 to receive Expanded International Military Education and Training (E-IMET) funds. The DRC may also be eligible in FY 2003 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Upon resolution of the conflict, grant EDA would support efforts to rebuild the military and assist with maintaining internal security.

Development Assistance (DA) funds in FY 2003 will continue to focus on health, including programs aimed at combating HIV/AIDS, reducing maternal mortality, and expanding immunization coverage throughout the country. Additionally funds will be used to support democracy, governance, agriculture and food security, and conservation efforts. FY 2003 DA funds will be programmed in consultation with Congress, depending on Congo's progress toward democratic rule. FY 2002 DA and Child Survival and Health (CSH) funds, programmed through non-governmental channels, support child survival, plus basic health programs, HIV/AIDS and other infectious diseases programs.

Although there has been progress in economic and political reforms, the President determined in CY 2001 that the DRC is not eligible at this time to receive trade benefits under the African Growth and Opportunity Act (AGOA).

Djibouti
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
FMF	100	0	0
IMET	132	160	185
NADR-HD	400	290	250
P.L. 480 Title II	98	0	0

The primary U.S. national interest in Djibouti is security, particularly support of the U.S. military and coalition forces in the global war on terrorism. Djibouti has provided outstanding support for U.S. counterterrorism efforts since the September 11 attacks on the United States. Djibouti is a Muslim country that has responded positively to our requests to interdict terrorists, their supporters, and their financial resources. An Arab League member, it is very supportive of U.S.-led counterterrorism initiatives. In short, Djibouti is an African front-line state in the war on terrorism and stands shoulder-to-shoulder with the United States and the coalition.

Djibouti is a major refueling stop for U.S. military aircraft in the region. The U.S. Embassy in Djibouti coordinates over 100 U.S. military refueling flights per year. Djibouti is especially attractive because of its easy landing access, quick clearances, force protection features, relative speed in refueling, and ability to facilitate quick departure. Djibouti hosts several counterterrorism coalition forces, including the largest French military base outside of France, as well as military personnel from Germany and the United Kingdom. Djibouti's deep-water port enhances its usefulness to U.S. military planners. Its location at the mouth of the Red Sea affords ideal force protection and force projection features. Djibouti is firmly committed to the United States. It actively supports the United States in the United Nations. It agreed to the establishment of a Voice of America broadcast station, which will transmit Arabic language programs to Sudan and the Middle East.

Djibouti is eligible to receive trade benefits under the African Growth and Opportunity Act (AGOA). This offers Djibouti an opportunity to develop its trade and investment sectors to generate employment and revenue.

Most U.S. aid is multilateral and primarily humanitarian in nature. There is no bilateral Developmental Assistance (DA) funding provided because there is no USAID Mission to provide administration and oversight. In order to continue our robust military relationship, the United States will increase the International Military Education and Training (IMET) program in FY 2003 to promote professionalism and respect for civilian rule. IMET projects include professional military education and training on appropriate civil/military relations. Djibouti is eligible to receive Excess Defense Articles (EDA) in FY 2003 on a grant basis under Section 516 of the Foreign Assistance Act. Provision of grant EDA such as vehicles, radios, and field equipment can support counterterrorism and other security requirements resulting from its upgraded security profile as a front-line state in the global war on terrorism.

Nonproliferation, Anti-terrorism, Demining, and Related Programs (NADR) will continue to support humanitarian demining efforts that will enable people to return safely to the land and make it productive again. In addition, small grants from the DA regional Democracy and Human Rights Fund will promote democratic practices and institutions. These projects will emphasize U.S. core objectives to promote good governance, human rights, and the status of women. Building on the contacts previously established with government entities, educational institutions, and NGOs, projects have focused, inter alia, on the importance of women to national development. Projects promoted the dignity of women by educating them about health concerns, female genital mutilation, violence against women, and child rearing practices.

Equatorial Guinea
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
IMET	0	50	50

The U.S. national interests in Equatorial Guinea are democracy, human rights, and economic prosperity. Democratic institutions are weak. While the economy has experienced strong petroleum-based growth in recent years, fiscal discipline and transparency are poor. The country's worker and human rights record is also poor. U.S. companies have recently invested approximately \$5 million in Equatorial Guinea's petroleum sector.

If sufficient progress is shown in the human rights area, FY 2003 International Military Education and Training (IMET) funds will be used to begin a program to contribute to the development of a professional military that respects civilian rule and human rights. IMET will also support the development of democratic institutions and the military's ability to maintain control of its territorial waters. IMET programs will bolster contact between U.S. and Equatorial Guinea military forces and lead to greater understanding and cooperation.

In recent years, the United States has not provided assistance to Equatorial Guinea through Development Assistance (DA) or Economic Support Funds (ESF).

The President determined that Equatorial Guinea was not eligible to receive trade benefits under the African Growth and Opportunity Act (AGOA) in 2001.

Eritrea
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
CSD	4,516	4,800	0
DA	5,603	5,538	8,519
FMF	0	250	500
IMET	155	375	400
NADR-HD	1,050	1,230	1,100
P.L. 480 Title II	2,830	0	1,907

The primary U.S. national interests in Eritrea are democracy, human rights and humanitarian response. The most important U.S. strategic goals include promoting regional stability through the consolidation of the Ethiopian-Eritrean peace process and ensuring counter-terrorism support. The United States helped broker the Peace Agreement between Eritrea and Ethiopia following an acrimonious and costly two-year conflict that left Eritrea economically devastated and in dire need of humanitarian assistance. Nurturing the recovery from the war and overcoming the deep-seated bitterness between the former combatants will require considerable financial, diplomatic, and political support.

One of the long-term goals of the United States is to promote regional security in the Horn of Africa and thereby eliminate sources of terrorism that could sponsor attacks on our nation and throughout the world. Eritrea wants a close relationship with the United States. Following the terrorist attacks last September, Eritrea quickly supported the U.S.-led coalition in the global war on terrorism. It has said so publicly and senior government officials reiterated this position, both privately and publicly. The Eritrean military is ready to assist the counterterrorism effort and offered use of its facilities for logistical and/or operational purposes. Eritrea is proud of its military prowess and welcomes expanded military-to-military relations with the United States. These relations atrophied during the years of the conflict with Ethiopia. Assuming outstanding issues are resolved, FY 2003 International Military Education and Training (IMET) funds will provide training on civil-military relations, military justice, officer professionalism, and human rights. The IMET program enables U.S. trainers to build important military-to-military contacts that strengthen the rule of law within the Eritrean military and serve as a basis for regional peacekeeping efforts.

In order to deliver development assistance to the benefit of the Eritrean people, the Development Assistance (DA) package will focus in three major areas: primary health care services, increased income of enterprises, and capacity building for economic and democratic development. The range of specific goals include integrated management of childhood illness, HIV/AIDS prevention, increased food security, improved credit and business development services, Internet expansion, support for demobilization, and university linkage programs. Particular emphasis will be given to malaria surveillance and addressing the acute shortage of health care personnel.

Eritrea is eligible for African Growth and Opportunity Act (AGOA) benefits. In FY 2003, DA will support private sector growth through agricultural programs and credit and trade facilitation initiatives. Family health and nutritional needs also will be addressed. Specialized skills training will be designed and implemented for demobilized soldiers who elect to upgrade their technical skills or start businesses. Specific programs at the University of Asmara will upgrade the skills of civil servants and faculty of the University of Asmara. Programs will increase and strengthen linkages between the University of Asmara and U.S. universities for faculty exchanges, curriculum development, and joint research projects; and provide technical assistance, training, and commodities to upgrade Internet connectivity, information

technology policy reform, and e-commerce development. These programs are intended to enable the Eritrean people to develop entrepreneurial skills and management techniques to take advantage of AGOA.

The United States has provided humanitarian demining assistance to train and equip Eritrean deminers. This is an essential component of development because it allows internally displaced persons and repatriated Eritreans from Sudan to return to their former homes, and it returns formerly mined areas to productive use. In FY 2003, the United States will continue to support the Eritrean demining program using Nonproliferation, Anti-terrorism, Demining, and Related Programs (NADR) funds.

Eritrea will be eligible to receive Excess Defense Articles (EDA) in FY 2003 on a grant basis under Section 516 of the Foreign Assistance Act. EDA will be used to help strengthen Eritrea's demining program by providing such items as vehicles, radios, and field equipment. EDA will also assist in countering threats emanating from Sudan and Somalia.

Ethiopia
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
CSD	26,086	26,507	0
DA	14,561	19,445	50,054
FMF	0	250	500
IMET	0	475	500
NADR-HD	0	1,100	1,000
P.L. 480 Title II	102,979	12,938	27,281

Primary U.S. interests in Ethiopia are fostering democracy and respect for human rights and providing humanitarian assistance. Associated strategic goals include ensuring counter-terrorism support and advancing regional stability. Ethiopia is an African front-line state in the war on terrorism, supporting efforts to apprehend terrorists in Ethiopia and beyond. U.S. support (financial, diplomatic, political) is needed to keep the peace process between Ethiopia and Eritrea on track. Ethiopia's young democratic institutions are fragile and need U.S. support to grow and mature. The combined effects of severe poverty and persistent food shortages require substantial U.S. humanitarian assistance to avert a tragedy. Development assistance aimed at reducing chronic food insecurity, improving basic education, improving family health, and mitigating disaster contribute to reducing the need for humanitarian assistance while promoting regional stability. Finally, it is in the U.S. interest to assist Ethiopia to combat the devastating effect of the AIDS epidemic; Ethiopia has one of the highest numbers of HIV-positive adults in the world.

The Horn of Africa is a turbulent region. In addition to facing domestic challenges, Ethiopia must contend with neighbors who are engaged in civil war (Sudan), have no central government (Somalia), and have fought with Ethiopia in the past (Eritrea). Ethiopia's severe poverty, exacerbated by the immense waste of resources in fighting a war with Eritrea, renders the country unable to feed itself or meet the needs of its own people on an annual basis. Although the current drought in Ethiopia is not as severe as it was in 1999 and 2000, there will be a need for food assistance in FY 2002 and FY 2003. Past U.S. food assistance has saved millions of lives.

The principal short-term goal of the United States is the full implementation of the Ethiopia-Eritrea peace agreement. Renewed conflict would set back every U.S. interest in Ethiopia. The border conflict left a residue of bitterness and division among the people of these formerly friendly nations. The Department of State and USAID will collaborate closely to identify and implement an appropriate programmatic response to this problem in FY 2003. Renewal of economic activity across the border area, and consequent confidence building, will be a first step in normalization of relations between these two important regional states.

Ethiopia anchors regional organizations and programs such as the Intergovernmental Authority on Development, the Greater Horn of Africa Initiative, the World Bank's Nile Basin Initiative, and the headquarters of the Organization of African Unity. Continuing U.S. support for these organizations and activities will improve prospects for stability throughout the greater Horn and promote regional and Ethiopian economic development and democratization.

The principal long-term U.S. goal is to eradicate sources of terrorism in the region in order to protect U.S. national security. Ethiopia has one of the largest and most professional militaries in Africa and has provided outstanding cooperation in the war on terrorism. It has enhanced security for the U.S. Embassy, shut down avenues of terrorist funding, and in the past sent its troops into neighboring Somalia to destroy

terrorist camps. Should a country in the region be found harboring or assisting terrorists, Ethiopia would become an important partner in the war on terrorism.

The United States is especially interested in renewing military-to-military ties with Ethiopia, which were interrupted when the country was at war with Eritrea (1998-2000). Ethiopia has the potential to emerge as a major peacekeeping contributor in Africa. The United States will encourage Ethiopia to participate in regional peacekeeping initiatives and the successor to the African Crisis Response Initiative. International Military Education and Training (IMET), which was prohibited due to Brooke sanctions, can go forward following an end to Brooke sanctions January 22, 2002. IMET will assist in further increasing the professionalism of the Ethiopian military and enhance U.S.-Ethiopian military ties. Through Foreign Military Financing (FMF) the U.S. Government will provide Ethiopia with equipment to advance its counterterrorism abilities. Ethiopia will be eligible in FY 2003 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. EDA will be used to help Ethiopia counter threats emanating from Sudan and Somalia.

Ethiopia is also eligible for African Growth and Opportunity Act benefits. In FY 2003, Development Assistance (DA) will support sustained economic growth through agricultural programs and enable private sector growth. The challenges are enormous, but food security policy reforms are underway with the USG's strong encouragement. The problem of chronic food insecurity will be addressed in efforts to focus Government of Ethiopia efforts on the poorest rural households, using both DA and innovative relief to development programming of P.L. 480 programs. The latter will assist microenterprise development at the community level, and Food for Education will encourage families to keep primary school-age children in school. DA funds will also be used to improve family health and maternal nutrition. The Democracy and Governance program will continue to train judges - an excellent long-term investment in Ethiopia's democratic institutions. DA will also be used to improve livelihoods for pastoralists and agro-pastoralists in southern Ethiopia, and to mitigate the effects of disaster, thus promoting U.S. humanitarian interests.

The USG has provided funds in the past two years to train and equip Ethiopian deminers. This assistance has helped create an indigenous demining capacity that had been lost due to war with Eritrea. Continued support for demining programs in Ethiopia will save lives and allow displaced peasants to return to their farms. FY 2003 Nonproliferation, Anti-terrorism, Demining, and Related Programs (NADR) funds will be used to train and equip additional Ethiopian deminers and help maintain previously trained units.

Nile water conservation and distribution, a global interest of the United States, and other aspects of U.S. environmental policy depend on continued engagement and support for institutional strengthening within ministries and agencies on the part of the U.S. Embassy, USAID, and the Regional Environment Office for East Africa, based in Embassy Addis Ababa. FY 2003 DA population programs will continue to assist family planning to slow Ethiopia's population growth, which at present outstrips the growth of agricultural production. FY 2003 child survival and health programs and Embassy efforts will support child survival initiatives and combat infectious diseases, with special emphasis on HIV/AIDS. Basic education programs will enhance the quality of teachers, focus on getting and keeping more girls in primary school, and provide educational material on HIV/AIDS. Finally, DA-funded child survival and health programs will be used to help increase access to basic education for pastoralists and fund support activities (health, water, and sanitation) for displaced families.

The United States is supporting cross-border efforts to stem the spread of HIV/AIDS along the Djibouti to Addis corridor, working through an international non-governmental organization present in both Ethiopia and Djibouti.

Gabon
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
IMET	131	160	160
Peace Corps	1,963	2,131	2,171

U.S. national interests in Gabon are the protection of American citizens, democracy and human rights, and economic prosperity, based on substantial U.S. oil interests. Bilateral military cooperation and use of Gabon as a safe haven and staging base for regional evacuations of U.S. citizens are also important. There is important cooperation in combined military exercises and training between Gabon and the United States. Gabon has been influential in promoting stability through mediation of regional conflicts.

The United States seeks to strengthen Gabon's democratic institutions, particularly the election process. The December 2001 legislative elections were marked by numerous administrative problems, including management of polling stations and accuracy of voter rosters. The United States will seek to improve election administration through Economic Support Fund (ESF) grants channeled through the Africa Regional Fund. The United States will continue to promote Gabon's involvement in mediation efforts that support regional stability. These include involvement in the Central African Republic and Burundi. Libreville will likely continue to serve as a base for regional evacuation of U.S. citizens. The United States is also encouraging Gabon to reform and diversify its economy, as well as open doors to U.S. investment and exports. Peace Corps activities help to promote economic development and improved health.

Close military cooperation supports U.S. use of Gabon as a refuge and a staging area for regional evacuations. It also enhances Gabon's peacekeeping capacity. The FY 2003 International Military Education and Training (IMET) program will increase understanding and defense cooperation between the United States and Gabon through programs in military justice, advanced staff training, defense resources management, military health affairs, and English language training. The IMET program will also build on previous joint/combined exercises such as the Joint Combined Exchange Training Exercise held in May 2001.

Gabon will be eligible in FY 2003 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Grant EDA will support the modernization of Gabon's apolitical military and will reinforce the U.S.-Gabon political/military relationship, thereby also reinforcing appropriate civil-military relations

Gabon is also eligible to receive trade benefits under the African Growth and Opportunity Act (AGOA).

The United States has not provided assistance to Gabon in recent years through Development Assistance (DA) or bilateral Economic Support Funds (ESF).

Gambia
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
IMET	0	0	50
Peace Corps	1,435	1,612	1,621
P.L. 480 Title II	82	0	0

The major U.S. interests in The Gambia are democracy, human rights and humanitarian concerns. The President of The Gambia has spoken out strongly in support of the war on terrorism and has instituted laws to block terrorist financing. The Gambia has been prohibited from receiving foreign assistance, as mandated by Section 508 of the Foreign Assistance Act, since Yahya Jammeh took power by force of arms in 1994. Yet the 2001 presidential elections are currently under review, and sanctions may be lifted prior to FY 2003. It is in the interest of the United States to remain engaged with the Gambia to promote democratic reforms.

U.S. assistance to The Gambia has supported market-based economic reforms and helped relieve human suffering.

The United States will continue to provide Global Food For Peace (FFP) funds to assist in the improvement of agriculture techniques and the development of higher yielding crops. The counterpart funds generated by the food assistance program support development projects aimed at the lowest-income farmers (mostly women) by opening new outlets for their cash crops in order to boost earnings and nutritional intake. The introduction of high-yield sesame crops has given poor families a high protein/high vitamin food supplement. With improved marketing schemes developed by the project, extra sesame crops provide a cash crop that generates more income for the families than any available alternative crops. FFP funds simultaneously relieve human suffering and encourage the development of open markets.

Economic development and humanitarian assistance are also areas where the Peace Corps has played a pivotal role. Volunteers are involved in projects ranging from health education to urban planning. Major activities have included teaching basic health care, assisting economic cooperatives, and increasing HIV/AIDS awareness.

The Gambia was not eligible to receive International Military Education and Training (IMET) funding in FY 2002. Provided that 508 sanctions are not an issue, FY 2003 IMET funds will be used to encourage the efforts of the military leadership and the country's civilian government to return the military to its traditionally constructive role. This will be accomplished through training in civil-military relations, military justice, defense resources management, and civic action and humanitarian response. This will be primarily accomplished through training programs in the United States for individual officers.

The Gambia is a member of the Economic Community of West African States (ECOWAS) and the Organization for African Unity (OAU). It has received substantial reductions in debt payments and associated stabilization assistance from multilateral lending institutions through the Heavily Indebted Poor Countries Initiative. The Gambia is not currently eligible for African Growth and Opportunity Act (AGOA) trade benefits.

Ghana
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
CSD	15,419	19,455	0
DA	19,858	15,063	39,743
ESF	4,500	0	0
FMF	500	400	500
IMET	338	470	500
Peace Corps	2,320	2,462	2,464
P.L. 480 Title II	18,347	11,544	14,951

The primary U.S. interests in Ghana are democracy, human rights and humanitarian concerns, particularly HIV/AIDS. Ghana is the fourth largest market for U.S. exports in sub-Saharan Africa and also offers a favorable climate for new U.S. investment. Its professional military and a series of multi-party elections over the last decade make Ghana a model for regional stability. Ghana also has a proud, continuing history of peacekeeping, especially in West Africa. Ghana has a national HIV/AIDS rate of infection close to 4.6 percent.

FY 2003 Development Assistance (DA) will improve access to family planning services, generate demand for such services through social marketing, and improve basic public health care by placing trained nurses in local communities. It will also tackle corruption and governmental transparency issues by training non-governmental organizations (NGOs) to fulfill a “public watchdog” role. DA funds will also help promote fiscal reform, plan financial/exchange rate market reforms, establish commercial dispute mediation services, and promote investment-oriented regulatory reforms.

FY 2003 DA will support activities to reduce the rate of HIV/AIDS transmission through aggressive workplace-based education of workers and employers. The dedicated HIV/AIDS account will focus on training community health NGOs, funding mass media AIDS awareness campaigns, and distributing condoms. Prevention of mother-to-child transmission through anti-retroviral therapy provided to pregnant mothers will be funded, as will voluntary counseling and testing services. DA will fund childhood immunizations, continue the development of an Integrated Disease Surveillance system, and combat malaria in concert with the Ministry of Health. DA will also fund Ministry of Education efforts to improve access to and quality of public schools. Peace Corps placements will support the focus on HIV/AIDS and educational reform efforts.

Military assistance reflects Ghana's longstanding contributions to peacekeeping efforts. Ghana received several surplus naval transports under the Excess Defense Articles (EDA) program that are of particular value in supporting regional peacekeeping missions. Ghana will again be eligible in FY 2003 to receive EDA on a grant basis under Section 516 of the Foreign Assistance Act. Ghana would use EDA to increase the availability of its armed forces for peacekeeping operations.

The International Military Education and Training (IMET) program will continue to enhance the professionalism, technical, and tactical proficiency of members of the Ghana Armed Forces through U.S. Professional Military Education courses. IMET will focus on the continued development of effective civilian (Defense Ministry and Parliament) oversight of the military and efficient defense resource management. IMET will also continue civil-military relation seminars, which have been highly successful.

The successor to the African Crisis Response Initiative will provide training exercises and other crisis response assistance to contingents of the Ghanaian armed forces. These exercises will promote enhanced Ghanaian peacekeeping support and humanitarian relief operations capacity. African Regional Voluntary Peacekeeping funds (PKO) will continue to support development of the Ghanaian/West African capacity to manage crises and sustain peacekeeping operations.

Ghana is eligible under the African Growth and Opportunity Act and should be certified by the U.S. Trade Representative to export textiles to the U.S. market in 2002 duty-free under the Act's textile and apparel provision, creating new incentives for job-creating private investment.

Ghana cooperates closely with the United States and is a member of the Organization of African Unity (OAU) and the Economic Community of West African States (ECOWAS). Ghana is applying to the Highly Indebted Poor Countries program and anticipates receiving substantial reductions in debt payments and associated stabilization assistance from multilateral lending institutions.

Guinea
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
CSD	9,354	5,650	0
DA	9,168	12,942	20,725
FMF	3,000	0	0
IMET	254	250	250
Peace Corps	2,516	2,567	2,539
P.L. 480 Title II	10,712	3,331	3,441

The primary U.S. national interests in Guinea continue to be humanitarian response - the reason for U.S. promotion of conflict resolution in this war-torn region of West Africa - and development of a stable democracy. Guinea is host to roughly 200,000 refugees from regional conflicts, and the United States will continue to contribute to international efforts to address the humanitarian needs of those refugees and similar numbers of internally displaced persons, as well as to help Guinea defend its borders against further aggression by its neighbors. Peace requires expansion of democracy, good governance, respect for human rights, and economic development. Guinea has publicly supported U.S. antiterrorism initiatives and has ratified three international anti-terrorism accords.

Foreign assistance funding is required to prevent regional unrest and ameliorate the humanitarian crisis by stabilizing the borders and enhancing the security of relief activities. FY 2003 Development Assistance (DA) will address Guinea's ongoing need for economic development through programs focused on agriculture, restoration of environmentally damaged areas, and health, especially in the areas of infant mortality, malaria, and HIV/AIDS. DA will also be used to improve local and national governance through active citizen participation and conflict mitigation. Africa Regional Economic Support Funds (ESF) may be used if Guinea displays the will to hold free and fair presidential elections in 2003.

FY 2003 International Military Education and Training (IMET) will continue to emphasize the military's role as an accountable public institution under a civilian government that has a responsibility to respect basic human rights even in times of conflict. This training is done through seminars involving military and civilian leaders and NGOs, and aspects will address the impact of HIV/AIDS on the military.

Guinea will be eligible in FY 2003 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Guinea would use EDA for spare parts for U.S.-origin naval vessels, communications equipment, and non-lethal equipment for its army. If Guinea remains under serious threat of attack from its neighbors, the United States will draw upon Africa Voluntary Peacekeeping funds (PKO) to sustain efforts to bolster its early-warning and self-defense capabilities. Past assistance has helped Guinea to successfully resist invasion, promoting regional stability and holding down the number of refugees.

Guinea has been eligible for trade benefits under the African Growth and Opportunity Act (AGOA) since 2000. Though Guinea has not attracted the private foreign investment needed to benefit substantially from AGOA, it recognizes AGOA's potential value. To retain its AGOA eligibility, Guinea will need to continue its efforts to reform the criminal justice system and to hold transparent and free elections. In addition, Guinea needs to pursue sound economic management policies, implement a poverty reduction program, and insure that investors can operate with consistent application of the rule of law.

Guinea-Bissau
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
IMET	55	50	75
NADR-HD	489	0	0
Peace Corps	17	0	0

Struggling to re-emerge as a democratic society following a traumatic two-year internal conflict, Guinea-Bissau faces the challenge of reconstructing its society and infrastructure from the rubble. With no functioning public utilities, widely disbursed unexploded landmines, and a government that has been hamstrung by a series of crises, stability remains an elusive goal. It is in the U.S. interest to promote peace and encourage democracy in this troubled country, both to realize the benefits of regional stability and to avoid a humanitarian disaster. Guinea-Bissau, which has no known terrorist connections, has spoken out in support of U.S. efforts to combat terrorism.

U.S. assistance to Guinea-Bissau has helped to relieve human suffering, strengthen civil society, increase territorial security, and promote participatory democracy.

Africa Regional Economic Support Funds (ESF) were used last year to educate members of the national assembly in parliamentary procedure, helping establish a new institution in an atmosphere of economic hardship and pervasive corruption. Funds this year will finalize the revision to Guinea-Bissau's obsolete investment code, increasing incentive for foreign investment. In another effort to promote trade and stability, ESF will contribute funds to an existing micro-finance structure that has successfully supported the processing of cashews, Guinea-Bissau's largest export earner. Last year's cashew prices were low, causing severe hardship to the most productive elements of the country's rural population. These loans provide a cushion for farmers to survive this economic setback and recover from devastating market fluctuations.

The International Military Education and Training (IMET) program in FY 2003 will encourage efforts by the military and the country's civilian, democratic government to trim the size of the military and to direct the army toward playing a more constructive role in civic action and humanitarian projects. IMET will provide technical training complementary to demining activities funded from the NADR program. Guinea-Bissau is eligible to receive Excess Defense Articles (EDA) in FY 2003 on a grant basis under Section 516 of the Foreign Assistance Act. Provision of grant EDA will enhance the ability of the Guinea-Bissau military to locate and remove landmines and help the Government of Guinea-Bissau to restructure and increase the professionalism of its military.

Guinea-Bissau remains eligible for trade benefits under the African Growth and Opportunity Act (AGOA). Taking advantage of this opportunity will further boost economic growth and provide employment, increasing stability in the region. Guinea-Bissau is a member of the Economic Community of West African States (ECOWAS) and the Organization of African Unity (OAU). It has received substantial reductions in debt payments and associated stabilization assistance from multilateral lending institutions through the Heavily Indebted Poor Countries Initiative.

Kenya
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
CSD	13,272	27,763	0
DA	19,927	12,347	46,693
FMF	1,000	0	1,500
IMET	443	600	600
Peace Corps	3,397	3,312	3,356
P.L. 480 Title II	48,174	9,861	12,134

Principal U.S. interests in Kenya are national security, the promotion of democracy and human rights, and the reduction of disease and poverty.

Kenya is the linchpin of East African stability and security. An important partner in the global war on terrorism, Kenya demonstrates a regional leadership role in peacekeeping and diplomacy. Kenyan support for the war has been solid and wholehearted, a reflection of national values, and a recognition that some 200 Kenyans were killed by al Qaeda in the Nairobi Embassy bombing of 1998. Kenya is the principal point of access for U.S. military and relief operations within the region. Kenya remains the engine of East African prosperity, despite economic stagnation and corruption, and is the region's transportation and communication hub. In late 2002 or early 2003, Kenya will experience the most important political transition in its 38 years as an independent nation, as incumbent President Daniel arap Moi steps down to allow his successor to be chosen in multiparty elections. Ensuring that this democratic transition proceeds freely, fairly, and without violence is critical in strengthening liberty and human rights for Kenya's 30 million people. After the election, the improvement of governance will be essential to allow renewed economic growth.

Kenya's ability to protect its borders and coast from terrorists will require both a sustained International Military Education and Training (IMET) program and an added infusion of Foreign Military Financing (FMF) funds for the provision of equipment. Kenya will also be eligible in FY 2003 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Equipment needed includes patrol boats, communication apparatus (tactical radios), coastal radar, port and runway improvements, truck spare parts, helicopter spare parts and maintenance, training institution improvements, basic chem/bio response equipment, and hospital supplies. Enhanced border and coastal security will also enhance Kenya's capability and confidence to participate effectively in peacekeeping operations with similar operational requirements.

Kenya is among the United Nations' top troop-contributing nations and does not shy away from difficult assignments like Sierra Leone or the Democratic Republic of Congo. Peacekeeping Operations (PKO) assistance will support multinational peace support exercises at the brigade level between Kenyan headquarters staffs and third-country battalion staffs. These training events test and reinforce interoperability and commonality in a multinational context. They also engage key officials from sub-regional organizations, paving the way for much more effective integration of political peace support mandates and military operations to achieve the objectives set out by the mandates.

President Moi, who has led Kenya for 24 years, has said that he will step down at the end of 2002, and multiparty elections will determine his successor. This individual, and the members of the legislature elected with him, will face two great challenges: a pattern of governance in which public office is primarily used for private gain; and a stagnate economic performance falling far short of Kenya's potential. The

United States will seek a higher level of engagement to assist new Kenyan leadership in meeting these challenges. Development Assistance (DA) in the form of technical assistance and capacity-building grants to local non-governmental organizations (NGOs) will be used to increase the effectiveness of civil society organizations, enhance the independence of the parliament, and promote a more transparent and competitive electoral process. We will also engage with the new government in fighting institutional corruption.

As Kenya begins to add jobs using the benefits of the African Growth and Opportunity Act (AGOA), the United States will continue its work to help the Kenyan people overcome disease and poverty. Successful DA-funded operations to fight HIV/AIDS, improve child health, and reduce fertility rates will continue, as will efforts to promote increased rural household incomes for agricultural smallholders and micro-enterprise entrepreneurs. Previous work in these fields has already reduced child mortality, fertility rates, and rural poverty. DA will also be used for improving natural resource management to protect Kenya's wildlife and the important tourism industry that wildlife attracts. These programs will provide technical assistance as well as grants to local NGOs to build capacity.

The Peace Corps has a large and active program in Kenya, supporting math and science education, education for the deaf, public health, and small enterprise development.

Lesotho
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
IMET	78	100	100
Peace Corps	1,865	2,357	2,378

The priority U.S. interests in Lesotho continue to be democracy and humanitarian assistance. Assisting Lesotho in its efforts to address the HIV/AIDS crisis and strengthen its democratic foundations will serve to enhance regional security and lay the groundwork for continued national and regional economic stability.

The HIV/AIDS crisis endangers Lesotho's chances of lifting itself out of poverty and recurrent political instability. Lesotho will benefit from regional FY 2003 Development Assistance (DA) funds, which will provide technical assistance to strengthen the ability of non-governmental organizations and the private sector to respond to increased demand for information and services, with a particular emphasis on high-traffic corridors. Previous funding has been employed to conduct studies on transmission trends and initiate public education efforts targeting high-risk groups.

In FY 2003 the regional DA Democracy and Human Rights Fund (DHRF) will be used to advance democracy by bolstering the management capacity of non-governmental organizations (NGOs) involved in the promotion of democratic practices and human rights and by supporting local programs focusing on expanding the role of women in society. Previous funding has supported successful NGO-coordinated programs on conflict management and resolution, as well as civic education and voter rights.

The Peace Corps currently fields approximately 100 volunteers in Lesotho, supporting U.S. national interests by providing village-based HIV/AIDS education programs and community development initiatives.

Lesotho is eligible to receive trade benefits under the African Growth and Opportunity Act (AGOA), and in April 2001 it was granted AGOA apparel benefits. Lesotho is a member of the Southern African Development Community.

A stable military is an important element in Lesotho's democratic development. Accordingly, FY 2003 International Military Education and Training (IMET) funds will support education programs for security personnel emphasizing leadership training, managerial skills, civil/military relations, and respect for human rights.

Liberia
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
CSD	1,850	2,000	0
DA	5,720	3,225	5,200
P.L. 480 Title II	3,062	1,294	1,027

The primary U.S. national interests in Liberia are to prevent the Government of Liberian President Charles Taylor from supporting regional armed insurgencies and to promote conditions that would permit credible democratic governance of Liberia. The United States has sought to accomplish the first objective through current United Nations Security Council bans on travel by senior government officials, on the import of arms, and on the export of diamonds. Encouraging regional stability will also lessen the conditions that create the need for large humanitarian assistance programs. The United States plans to accomplish the second objective by using African Regional Economic Support Funds (ESF) to strengthen civil society and support conditions conducive to peaceful democratic change.

African Regional ESF will support efforts by the Carter Center, the International Republican Institute, the National Democratic Institute, and the International Foundation for Election Systems to establish “society watchdog” institutions. These institutions will have the capabilities to monitor the 2003 elections, strengthen political party structures, and ensure that short wave broadcast facilities are available for independent communication with the Liberian people.

FY 2003 Development Assistance (DA) will be used to strengthen civil society and alleviate human suffering at the same time by funding new programs that provide basic health care and promote agricultural production. These programs will strengthen the ability of health sector NGOs, the UN Children’s Fund, and the World Health Organization to drive key health sector policies. The programs also will continue to slow the rate of vaccine-preventable diseases and HIV infection, improve maternal and child survival, and promote socioeconomic reintegration of the physically disabled. As a result of USAID’s cooperation with Catholic Relief Services and World Vision International, small-holder farmers are expected to continue to produce significantly more food crops for domestic consumption and cash crops for export, pool more resources for the production of small tools, and reduce dependence on destructive “slash-and-burn” activities.

The United States has determined that Liberia is ineligible to benefit from the African Growth and Opportunity Act. In addition to its failure to encourage regional stability, the Government of Liberia has done little to promote sound economic development, ensure transparency and rule of law, or improve its human rights record.

Madagascar
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
CSD	4,185	8,975	0
DA	15,183	9,240	17,528
IMET	158	170	170
Peace Corps	2,227	2,464	2,462
P.L. 480 Title II	5,011	9,032	10,732

U.S. efforts in Madagascar focus on promoting democracy. The United States also supports efforts to consolidate economic reforms so that stability is ensured. In addition, we seek to help Madagascar protect its biologically diverse flora and fauna. The Government of Madagascar has supported the United States in the war on terrorism through cooperation with regard to embassy security, law enforcement, and the financial sector and has offered other forms of assistance.

The United States will continue to work with Madagascar to support its developing democracy. Madagascar is at a critical stage in the development of democratic institutions as there is a hotly contested election between incumbent President Ratsiraka and an opposition candidate, Ravamanolmana. U.S. funding of election observers and advisors may help to resolve the conflict in accord with due process of law.

The Government of Madagascar has moved ahead with commercial law reform, and private investment continues to grow. The United States has approved Madagascar for benefits under the African Growth and Opportunity Act (AGOA). Madagascar has been successful in adding jobs and investment by using the benefits of AGOA. FY 2003 Development Assistance (DA) will foster economic policy reforms and agricultural development. Peace Corps programs will also contribute to sustainable economic development in rural communities. DA funding has been used to promote democracy and will continue to do so. U.S. public diplomacy programs, along with grants from the DA regional Human Rights and Democracy Fund (DHRF), will complement USAID in programming resources for the consolidation of democratic institutions. U.S. funding helped support the International Consortium of Election Observers, which oversaw the recent Malagasy presidential election.

The fifth largest island in the world, Madagascar has a unique environment. USAID and Peace Corps environmental programs will assist Madagascar in guarding its precious and rare biodiversity and in implementing sustainable and responsible natural resource management, particularly forest management. With U.S. assistance, Madagascar has increased protection of endangered species and forested areas.

Previous U.S. funding has helped to protect the environment of Madagascar by protecting forest land from over-development and led to the further development of national parks. Assistance in the health sector has improved the quality of life for the average Malagasy and has helped to limit the spread of sexually transmitted diseases.

U.S. strategy for consolidating democracy includes enhancing the professionalism of the Malagasy military force through International Military Education and Training programs. Madagascar will be eligible in FY 2003 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Grant EDA will support Madagascar's counter-drug maritime activities and coastal security operations.

Malawi
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
CSD	14,862	15,615	0
DA	13,150	13,028	30,877
IMET	388	360	360
Peace Corps	1,764	2,174	2,167
P.L. 480 Title II	1,754	4,099	6,290

The primary U.S. interests in Malawi are democracy and humanitarian response. After Malawi's second national elections in 1999 and first-ever local elections in 2000, the United States seeks to continue the consolidation of the country's multi-party democratic political system. Inextricably tied to this effort is U.S. assistance to promote economic development and address significant health problems, especially HIV/AIDS. A democratic Malawi achieving sustainable economic growth would contribute to the economic and political development of southern Africa.

Malawi has taken important steps in consolidating its transition to democracy, including the elections noted above. President Muluzi, both as president of Malawi and Chairman of the Southern African Development Community (SADC), has strongly condemned the September 11 attacks on the United States and has been unwavering in his support of the war against international terrorism. He has pledged to ratify the final six international counter-terrorism conventions (Malawi is already a party to the other six) and has established a task force to implement UNSCR 1333. As Chair of SADC, President Muluzi has played a constructive role in regional issues, including Zimbabwe, the Great Lakes, and Angola. U.S. efforts in Malawi focus on supporting institutions essential to perpetuating a free and open society and increasing civic involvement of citizens. FY 2003 Development Assistance (DA) funds will be used to help increase the capacity and accountability of institutions, such as the Malawi parliament, the National Audit Office, and the judiciary. Support will be provided to activities that help indigenous organizations to promote human rights and civic education and provide social services.

To help develop an environment supportive of democracy, U.S. assistance also promotes economic growth and addresses important health and social problems. Progress in both of these areas is essential to relieve the human suffering endemic in the country. Malawi is eligible to receive trade benefits under the African Growth and Opportunity Act (AGOA) and is currently benefiting significantly from AGOA, particularly in textiles, with several thousand jobs created and greatly increased exports. In August 2001 Malawi was approved for the AGOA textile visa waiver program. Declared eligible by the International Monetary Fund and World Bank in 2000, Malawi is now receiving debt relief under the enhanced Highly Indebted Poor Countries initiative. FY 2003 DA funds will assist activities that boost agricultural productivity and crop diversity, promote sustainable land use management, and expand rural employment opportunities. Support will also help promote community-based natural resource management practices. To boost the quality and efficiency of basic education, DA funds will support activities that improve teachers' professional skills, encourage community involvement, and promote sector-wide policy reforms, including better management, planning, and resource allocation.

Health indicators in Malawi are some of the worst in the world. An estimated 16 percent of the adult population is HIV positive. Child and infant mortality rates are among the highest anywhere. In addition, Malawi has one of the highest fertility rates in the world. These areas need more assistance but are showing promising improvement. U.S. assistance will support activities to increase the quality of and access to essential health services, focusing on maternal and child health and infectious diseases. FY 2003 DA funds will help efforts to reduce the transmission of HIV infections, reduce infant and child mortality, and

increase the rate of contraceptive use. Programs to improve detection, treatment, and prevention of tuberculosis and polio will also receive support, as will activities focusing on training, service provision, logistics, and management systems for family planning and reproductive health.

By focusing on democratic values and mutually beneficial military-to-military relations, FY 2003 International Military Education and Training (IMET) programs will build on the Malawi military's tradition of apolitical professionalism and enhance regional stability. Malawi military personnel will receive training in finance, medical care, engineering, transportation, procurement, HIV/AIDS, and resource management. In addition, they will take courses provided by the Defense Institute for International Legal Studies.

Malawi is eligible in FY 2003 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Grant EDA will help develop Malawi's capacity to support peacekeeping activities. Malawi is the sole southern African country that was part of the African Crisis Response Initiative (ACRI); it will play an active role in ACRI's successor institution.

U.S. funding has contributed significantly to the solution of local, regional and international problems of great relevance to our interests. The Peace Corps has been active in Malawi since 1963, and more than 2,000 volunteers have served there to date. Peace Corps currently places volunteers into three sectors – Community Health, Secondary Education, and Natural Resource Management. Volunteers are also involved in activities related to HIV/AIDS, as this crisis is undermining the developmental gains hard-won in the past. U.S. funding has contributed to everything from improvement in child mortality to creation of parliamentary infrastructure. AGOA has led to a marked increase in Malawian exports to the United States. ACRI training prepared the Malawi military to provide flood assistance in Mozambique and to serve as peacekeepers in the Democratic Republic of Congo and Kosovo.

Mali
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
CSD	12,433	13,321	0
DA	22,054	19,435	32,961
FMF	200	0	0
IMET	355	325	325
Peace Corps	2,389	2,680	2,727
P.L. 480 Title II	2,372	0	0

The primary U.S. national interests in Mali are promoting the consolidation of democratic institutions and helping the national government address the humanitarian goals of ameliorating the effects of poverty and preventing the spread of HIV/AIDS. Other interests include supporting efforts to establish lasting regional stability and enhancing Mali's ability to prevent potential terrorists from using its territory.

Mali has recently been a model for democracy in the region and is an active member in regional organizations such as the Economic Community of West African States (ECOWAS) and the Organization of African Unity (OAU). Malian President Alpha Konare recently served as chairman of ECOWAS, and his leadership was often essential in promoting support for U.S. interests in the area. President Konare's interests in security and stability contributed to his focus on security institutions in ECOWAS and Malian participation in the African Crisis Response Initiative (ACRI). Mali recently "graduated" as a successful ACRI partner. Mali participates in the Heavily Indebted Poor Country Debt Reduction Initiative and the Africa Trade and Investment Policy Program.

Development Assistance (DA) will address serious threats from malaria and HIV/AIDS, as well as other health issues. The U.S. National Institutes of Health, supported by USAID, continues to research and test an anti-malarial vaccine in Mali. DA will also support expansion and improvement of community health services and provide greater access to health facilities.

The Government of Mali has vigorously supported U.S. antiterrorism efforts and offered its support at the UN, the Organization of Islamic Countries (OIC), and elsewhere. It has ratified six of the UN counter-terrorism conventions; the final six have been approved by the Council of Ministers and are awaiting ratification by the National Assembly.

A major factor in building national cohesion is the integration of the northern ethnic groups into Mali's political, economic, and social structures, heretofore clustered in the more developed south. This integration effort will continue to be supported by DA funds. In northern Mali, DA will be used to develop income-generating activities, build schools, and establish or renovate water resources.

The DA program will continue to fund efforts to improve the efficiency of agricultural production and to increase farmer incomes through agricultural best practices and better management. In the field of education, the United States will continue to support community-managed and community-financed primary schools. DA will also finance a Youth Program which will improve the basic education and life skills of youth younger than 16, through improved teacher training and curricula development, and the provision of quality youth health care.

Over 115 Peace Corps volunteers are working in five development fields throughout Mali: agriculture, health, education, natural resource management, small enterprise development, and water and sanitation.

In FY 2003, the International Military Education and Training (IMET) program will reinforce the progress already made by the Malian Armed Forces towards becoming a more professional organization through training and seminars. It will also provide the professional officer corps greater respect for and understanding of the requirement to support human rights and civilian control. IMET graduates hold high positions in ministries and the armed services in Mali.

Mali will be eligible in FY 2003 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Provision of grant EDA will support its ability to control its borders.

Mali is eligible for benefits under the African Growth and Opportunity Act (AGOA), and its government is supportive of the economic reforms needed to attract the investment required to realize significant benefits from greater access to the U.S. market afforded by AGOA.

Mauritania
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
IMET	83	100	100
NADR-HD	400	0	200
Peace Corps	1,651	1,821	1,792
P.L. 480 Title II	4,727	0	3,493

Primary U.S. national interests in Mauritania are democracy and human rights and law enforcement, including counter-terrorism. Mauritania is a poor Muslim country still affected by ethnic conflict between the Arab-Berber (White Moor) and the Arab-Berber-Negroid (Black Moor) populations, and still grappling with the political and economic vestiges of its history of slavery. Mauritania does, however, have a democratically elected government that is cooperating in the war on terrorism, combating poverty, and leading the Arab League in constructive engagement with Israel. After September 11, the Mauritanian government immediately condemned the attacks and agreed to block all terrorist-related financial assets. Its capability, however, is limited by its underdeveloped infrastructure and poor border control. Strengthening Mauritania's control of its borders and financial institutions would enhance U.S. goals in the war on terrorism.

Mauritania has also supported the war on terrorism diplomatically by playing a moderating role in the Organization of African Unity (OAU), where it supported a resolution condemning the attacks on the United States, as well as in the Organization of Islamic Conferences (OIC), where it refused to link the attacks to the Middle East Peace Process (MEPP). By helping strengthen democratic institutions, increasing the professionalism of its military, and promoting economic growth, the United States helps relieve the alienation and poverty which have created fertile breeding grounds for terrorists. Such assistance also supports Mauritania's continued engagement with Israel. Mauritania has been a strong supporter of the MEPP, and it is the only Arab League country that maintains an ambassador in Israel.

Assistance to Mauritania supports U.S. foreign policy goals, including democratization, counter-terrorism efforts, the MEPP, respect for human rights, poverty alleviation, health, education, and pursuit of sound market-based economic policies.

In FY 2003, the United States plans to continue the modest assistance programs already in place to encourage democratic development, combat poverty, continue demining efforts, and improve Mauritania's military. Additionally, the United States plans to request regional or global funds to strengthen the Mauritanian government's capabilities to fight terrorism.

Although there is no USAID mission in Mauritania, there are still many USAID-funded activities taking place there, such as a continuing Food for Peace project which targets malnourished women and children, micro-enterprise development which focuses on water access development, and HIV/AIDS awareness and education targeted at women and girls. Additionally, the Peace Corps has about 60 volunteers in country who work in the following fields: agricultural production, reforestation, preventative health care, provision of clean water, small enterprise development, and English language training. The United States also supports democratization through both diplomacy and small grants from the DA-funded African Regional Human Rights and Democracy Fund with an emphasis on children's and women's rights. Another program involves rule of law training for judges with a focus on human rights awareness and the protection of ethnic minorities.

The United States has trained and equipped the National Demining Office, and since operations began in late 1999, there has been a significant reduction in landmine casualties. With the demining force fully trained and equipped, FY 2002 Nonproliferation, Anti-terrorism, Demining, and Related Programs (NADR) funds are not required. FY 2003 NADR funds will be used to outfit an additional demining platoon and replenish expendable demining supplies and equipment. Assistance from regional NADR will enable Mauritania to continue effective demining operations in an area in the northern part of the country which has the potential for mineral extraction, but is currently isolated and unable to sustain an agricultural base due to the presence of landmines.

An International Military Education and Training (IMET) program for Mauritania that began in FY 2002 will continue in FY 2003. The IMET program will serve U.S. interests by encouraging military support for democratically elected civilian government and respect for human rights. The U.S. military engagement program also includes Mauritania's participation in training programs held by the Africa Center for Strategic Studies (ACSS). The ACSS supports democratic governance by offering senior civilian and military leaders a rigorous academic and practical program in civil-military relations, national security strategy, and defense economics. The Mauritanian government recognizes the value of such training and actively seeks it. Mauritania will be eligible in FY 2003 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Grant EDA will be used primarily to help Mauritania better control its borders and to participate in peacekeeping activities.

Mauritania is also eligible to receive trade benefits under the African Growth and Opportunity Act and has been declared by the International Monetary Fund (IMF) and World Bank to be eligible to receive debt relief under the enhanced Highly Indebted Poor Countries (enhanced HIPC) initiative. It is pursuing credible economic reforms that encourage investment and development of a market economy and enable it to use debt relief to reduce poverty and stimulate economic growth.

As far as measuring progress of democratic reform, it is of note that local and legislative elections held in October 2001 resulted in big gains for the opposition – including parties made up of former slaves – and were deemed to be free and fair by U.S. observers. Economically, Mauritania's macroeconomic performance was strong with real GDP growth at five percent in 2000. The government's poverty reduction strategy, which focuses on areas in which the United States provides assistance, is being implemented aggressively with promising initial results; in November 2001, the IMF approved the fourth review of Mauritania's IMF-supported reform program under the Poverty Reduction and Growth Facility. Lastly, the government has made remarkable progress in education; the World Bank determined that 86 percent of children of primary school age are enrolled in school - a remarkably high figure for a country that is one of the poorest in the world.

Mauritius
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
IMET	86	100	100

U.S. national interest in Mauritius focuses on economic prosperity. U.S. goals include expanded trade and commerce, law enforcement, and global issues. The United States also has a very strong interest in the support of counter-terrorism initiatives. Mauritius is a stable democracy that boasts a multi-ethnic, multi-lingual, and multi-cultural population. It has a vibrant economy spanning agricultural, manufacturing, and tourism sectors. Mauritius is able to provide employment, educational, and health care benefits for its people.

Mauritius quickly supported the U.S.-led coalition in the global war on terrorism. It has a significant Muslim population and its own share of Hizbollah sympathizers. Nevertheless, criticism of the global war on terrorism has not gained much support among the populace. However, a blood drive in commemoration of the World Trade Center attacks received tremendous support from all sectors of the population, including Muslims. The Government of Mauritius has responded positively to U.S. requests for financial interdiction of terrorist resources and stands ready to support counterterrorism efforts in whatever way it can.

Mauritius is eligible to receive trade benefits under the African Growth and Opportunity Act (AGOA). Its well-developed export processing zone allowed Mauritius to take early and full advantage of AGOA. Mauritius has the capability to help other African countries realize the same benefits and advantages.

U.S. national security is enhanced through the creation of a stable and secure Indian Ocean region. In FY 2003, International Military Education and Training (IMET) programs will contribute to development of a professional military and respect for civilian rule. IMET programs include organizational planning, coastal security, and integrated force management. Past programs featured maritime law enforcement training, crisis management, military justice, fisheries protection, and pollution control as well as traditional search-and-rescue operations. Last year, a successful Port Environmental Safety course improved the capacity to deal with pollution.

Mauritius will be eligible in FY 2003 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Provision of grant EDA will support coastal security activities. Support from the regional Development Assistance (DA) Democracy and Human Rights Fund (DHRF) will promote ethnic conflict resolution and prevent criminal activity.

Mozambique
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
CSD	12,953	19,277	0
DA	31,469	21,681	45,492
IMET	200	215	215
NADR-HD	2,180	2,210	3,010
Peace Corps	1,452	1,417	1,466
P.L. 480 Title II	23,137	7,361	16,870

The U.S. long-term interests in Mozambique are principally humanitarian: to maintain the peace which the United States helped to achieve in 1992 after an inconclusive and highly destructive 16-year civil war, and to assist the country to stem the devastating impact of HIV/AIDS and periodic flooding and drought. Humanitarian interests are also served by fostering private sector-led growth in this, one of the world's poorest countries. While Mozambique has economic potential, U.S. aid is necessary to help create the bureaucratic, legal, and infrastructure environment to allow private sector-led development to take off.

Helping Mozambique become a stable democracy is another important U.S. interest. Doing so also contributes to our humanitarian interest by creating the mechanisms for peaceful resolution of disputes and improved human rights, and by providing a fertile environment to foster a thriving economy, trade, and investment opportunities. Strengthening democracy also better enables Mozambique to play a constructive role in southern Africa, a region important to U.S. global interests. The protection of American citizens resident and traveling in Mozambique and the control of international crime, terrorism, and narcotics trafficking through capacity building in enforcement and the judiciary are also key national interests. Mozambican counterterrorism actions include enactment of a money laundering law, tightening currency exchange rules, and a ministerial committee to develop further strategies.

Consolidation of democracy is the linchpin for all the other U.S. goals in Mozambique. In order to further the transition to a stable democracy, FY 2003 Development Assistance (DA) will be used to promote democratic governance through the provision of technical assistance, training, and commodities to: modernize and improve the effectiveness of the national legislature; improve the democratic soundness of major political parties; enact and implement justice sector reforms; and increase the knowledge and effectiveness of civil society organizations, enabling them to work for improved government performance, responsiveness, and accountability to citizens. Already civic associations have shown new ability and assertiveness in engaging the government on such important issues as corruption. Parliament has become a key democratic institution through constructive debate on key issues and initiation and drafting of legislation. The major opposition party has held its first congress since the end of the civil war, engaging in restructuring to increase intra-party democracy and increasing its focus on policy issues instead of obstructionism in parliament.

The FY 2003 International Military Education and Training (IMET) program will provide civil-military education and training to facilitate the appropriate use of Mozambique's military in peacetime by emphasizing the necessity of an apolitical, professional, civilian-controlled military. The Nonproliferation, Anti-terrorism, Demining, and Related Programs (NADR) account has been used to fund demining of critical roads, rail lines, and high voltage power lines, as well as emergency demining resulting from the heavy flooding of 2000. NADR is currently funding demining operations in support of the SENA rail line rehabilitation project between the port town of Beira and the Malawi border. In FY 2003, NADR will fund

National Demining Institute demining priorities focused on rehabilitation of key transportation linkages and the development of potentially fertile agricultural land.

Mozambique will be eligible in FY 2003 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Provision of grant EDA will continue to support Mozambican demining capabilities.

Economic development is essential to the post-civil war success of Mozambique – one of Africa’s poorest countries. The United States can best contribute to this success by helping Mozambique create viable mechanisms to respond to basic humanitarian needs, thereby increasing popular support for the fledgling democracy. In FY 2003, DA will be used along with P.L. 480 Title II resources to help poor rural households raise incomes and improve food security and nutrition, with a particular focus on road rehabilitation (major and secondary roads linking producers to markets); financial and business services to rural entrepreneurs (assistance to develop commercial financial services that reach rural populations); direct services to farmers (business management and market analysis training for rural entrepreneurs and investors); and technical assistance and training related to agricultural research and policy management (transfer of sustainable agricultural technologies to small-scale and commercial farmers). USAID’s ongoing programs were important factors in ameliorating the negative impact of the 2000 flood emergency on the national economy. USAID-assisted farm families increased production in 2000, largely as a result of crop diversification, improved roads and marketing, and greater influence of group enterprise activities.

DA will also be used in FY 2003 to overcome constraints to investment and trade, with a particular focus on red tape reduction, telecommunications reforms, and implementation of free trade agreements. This aid will include technical assistance, institutional support, and some commodities. U.S. aid helped the Government of Mozambique develop the poverty reduction strategy and engage in the economic reforms that allowed the country to reach the completion point for debt relief under the International Monetary Fund and World Bank’s enhanced Highly Indebted Poor Countries (enhanced HIPC) initiative. Mozambique is also eligible to receive trade benefits under the African Growth and Opportunity Act, including textile benefits. Success is also evident in the extensive and ongoing privatization of public institutions.

In the health sector, DA will be used in FY 2003 to promote maternal and child health by providing technical assistance, training, and commodities (including condoms) to improve the public health system’s basic services and child survival services; to enable key Mozambican organizations to lead HIV/AIDS prevention and care efforts; and to improve reproductive health services, including family planning, which reduces maternal mortality. With USAID assistance, leadership in health service delivery is shifting from international to local institutions, including a revitalized Ministry of Health. The transition has been successful, with FY 2000 data showing that USAID maternal and child health targets were surpassed for immunizations, exclusive breastfeeding, oral rehydration therapy, antenatal visits, and other indicators. Peace Corps teachers – who help fill the gap in a country where teachers are lost to HIV/AIDS as fast as new teachers are trained – include HIV/AIDS and basic health in their instruction. The Centers for Disease Control and Prevention assist the government with HIV/AIDS surveillance and related work.

Finally, the United States will provide regional International Narcotics Control and Law Enforcement (INCLE) funds for the training of Mozambican law enforcement and judicial assistance personnel in anti-crime, forensic auditing (targeted on crime, but with an important side benefit for Mozambique’s anti-terrorism capacity), and counter-narcotics skills.

Namibia
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
CSD	4,383	500	0
DA	5,498	6,258	5,480
IMET	193	200	200
NADR-HD	40	65	90
Peace Corps	1,813	2,036	2,085

The primary U.S. national interests in Namibia are democracy and humanitarian assistance. Independent since 1989, Namibia has made significant strides in developing a stable democratic political system and free-market economy. Assisting Namibia in its efforts to address the HIV/AIDS crisis and overcome the legacy of apartheid provides a basis for enhanced regional stability, economic development, trade and investment opportunities, and advancement of U.S. global interests.

Namibia faces the daunting challenge of overcoming legacies of wealth and income disparity while addressing the immediate crisis of HIV/AIDS. FY 2003 Development Assistance (DA) will continue to provide support for small business development and youth entrepreneurship through management training and technical assistance projects. Previous funding has supported the development of dozens of small businesses and provided crucial technical and accounting training to new business people.

DA funds will also be used to improve delivery of quality education to primary schools in disadvantaged areas through teacher training and curriculum development programs. Previous funding has been employed to create Namibia-specific teaching materials and has supported teacher training activities.

Through FY 2003 DA funding, community-based conservation programs will continue to aid rural Namibians to benefit from effective management of their natural resources through technical training and resource assessment programs. Previous funding has been instrumental in the establishment of community-based conservancies in several parts of the country. These conservancies have created employment, generated considerable income, and reinforced local democratic institutions.

FY 2003, DA funds will also focus on providing technical and other support to improve HIV/AIDS awareness, build management capacity of local non-governmental organizations (NGOs), and expand cooperation with government agencies in the battle against HIV/AIDS. Previous funding has established successful pilot programs utilizing community centers and bolstered the management capacity of local NGOs.

In September 2000, Namibia became eligible to receive trade benefits under the African Growth and Opportunity Act (AGOA); and in December 2001, Namibia was granted AGOA apparel benefits. Namibia is a member of the Southern African Development Community.

The Peace Corps currently fields approximately 100 volunteers in Namibia, supporting U.S. national interests by providing technical assistance to school districts striving to improve teacher training and undertaking village-based HIV/AIDS awareness campaigns.

In FY 2003, International Military Education and Training (IMET) funds will support the training of Namibia Defense Force (NDF) personnel in democratic values and respect for civilian institutions. Namibia's program focuses on training for all strata of the NDF from senior level Ministry of Defense officials down to non-commissioned officers. In FY 2003, courses will continue to include defense

resources management, military medical operations, and civil-military relations to strengthen the NDF's capacity to conduct peacekeeping and humanitarian operations. Funds will also be used to deepen the NDF's understanding of the impact of HIV/AIDS upon the military.

Namibia will be eligible in FY 2003 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Provision of grant EDA will support Namibia's peacekeeping and demining activities.

Nonproliferation, Anti-terrorism, Demining, and Related Programs (NADR) funds have been used to support demining in Namibia since FY 1997. As a result, nine minefields in the northern part of the country have been cleared, and the project to demine 410 power pylons from Ruacana to Etosia was completed in February 2001. FY 2003 NADR funds will allow continuation of a mine awareness campaign focusing on community outreach projects. The outreach program will especially target children, as they comprise the majority of landmine victims.

Niger
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
IMET	102	110	110
Peace Corps	1,958	2,115	2,130
P.L. 480 Title II	7,076	7,833	6,867

U.S. interests in Niger are democracy, human rights, and law enforcement, including counter-terrorism. Niger is the poorest Muslim country on earth, and its land mass is ringed by unstable neighbors making its territory difficult to police. Its impoverished people are a ready target for anti-Western radical extremists, but the Government of Niger sees extremism as a threat to itself and supports the coalition against terror. U.S. interests are advanced by supporting Niger's two-year-old democratically elected civilian government with modest assistance aimed at economic and political development and reform, human survival, social justice, health, and security. Ensuring that Niger's uranium production is not diverted to states of concern is also an important U.S. interest, especially in the war on terrorism.

In FY 2003, the United States will draw on Development Assistance (DA) from the West Africa Regional Program (WARP) and Food for Peace, as well as Economic Support Funds (ESF), to promote security, improved nutrition, child and maternal health, women's micro-enterprise, and development communication through small-radius rural radio. Through local civil society organizations and American non-governmental organizations, DA from the WARP will also combat the spread of HIV/AIDS with education programs targeted at vulnerable groups along migration routes. Africa Regional ESF resources may also help Niger gain greater control over movement of potential terrorist groups across its borders and within its vast interior. A substantial Peace Corps contingent works in coordination with U.S. humanitarian efforts on HIV/AIDS prevention, basic health care, agriculture, and the environment. A new Peace Corps program this year will focus on teaching English as a foreign language in regional population centers.

The FY 2003 International Military Education and Training (IMET) program will build on FY 2002 and earlier IMET courses on civil/military relations, military justice, and peacekeeping. All IMET programs are aimed at helping Niger strengthen its democracy and improve its security. The United States will continue to help Niger provide English language training for its military officers. We will also focus on courses that address special issues, such as technical training for Air Force personnel, training for military policemen, preparation for work in peacekeeping, and training for engineers doing civic action. Other efforts will build on last year's very positive visit to the United States by Niger's top military officer working on anti-HIV/AIDS measures. Niger recognizes that its military can play a vital role in both security and development, and it looks to the United States for help preparing for peacekeeping and civic action as well as traditional security roles. The IMET program will help increase the military's capacity and reinforce the military's role as a professional institution, subordinate to Niger's democratically elected civilian government. Niger will be eligible in FY 2003 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Grant EDA will primarily be used to help Niger better control its borders and to participate in peacekeeping activities.

Niger is eligible for trade benefits under the African Growth and Opportunity Act. Once it is certified to export textiles to the United States duty-free under the Act's textile and apparel provision, Niger will be in a better position to attract investment, create jobs, and boost economic growth. Niger is a member of the Organization of African Unity and the Economic Community of West African States and cooperates closely with the United States on regional issues. Niger is eligible for the Highly Indebted Poor Countries (HIPC) debt reduction initiative. It has a World Bank program in place and has negotiated substantial reductions in debt payments from multilateral lending institutions.

Nigeria
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
CSD	23,363	37,066	0
DA	30,941	18,548	66,235
ESF	21,608	0	0
FMF	10,000	6,000	6,000
IMET	663	750	800

Nigeria is the dominant economic and political power in West Africa. With the 1999 transition from military to elected government in Nigeria, the U.S.-Nigeria bilateral relationship moved from confrontation to intensive cooperation on a full range of economic, political, and security issues. U.S. support for Nigeria reflects Nigeria's sheer size (123 million people, 50 percent Muslim), political/military influence in Africa and multilateral fora, large oil and huge gas reserves, and both present and potential economic importance. The over-arching U.S. national interest in Nigeria is promoting democracy. The tremendous potential of Nigeria is hampered by the devastating impact that fifteen years of military rule had on all of its institutions. Although civilian government returned in 1999 with the election of President Olusegun Obasanjo, the democratic transition is far from complete. Only with democratic governance can Nigeria address its ethnic and religious divisions and create an open economic system that will make it a reliable and increasingly important trading partner. Nigeria is also a key partner in addressing African conflicts and has dispatched, or indicated its willingness to send, peacekeepers to Liberia, Sierra Leone, Burundi, and Congo.

Nigeria has cooperated with the United States on transnational issues such as drug trafficking, HIV/AIDS, international crime, and terrorism. Nigeria has voiced strong public support for U.S. operations in Afghanistan and has been at the forefront of African counter-terrorism efforts. Nigeria does, however, have limited capacities to combat terrorist financing and to monitor its borders, despite the political will to do so.

Development Assistance (DA) will address policy and institutional impediments to economic growth strategies and will strengthen basic education, enhance agricultural productivity, and expand health infrastructure, with a heavy emphasis on HIV/AIDS prevention programs. Democracy and governance programs will strengthen the National Assembly, state and local government structures, the Independent National Electoral Commission, and civil society. DA funds will support economic reform and agricultural development by focussing on improved economic management, privatization, improved access to micro-finance, and environmental sustainability. DA funds will assist national and state governments to improve primary education through better educational management information, skills and vocational training, and teacher training.

Nigeria has among the worst social indicators in the world. In a 2000 UN Development Program report, Nigeria ranked 151st in the 174-country Human Development Index, and 124th out of 143 countries in the Gender-related Development Index. Each year, more than one million Nigerian children die from preventable diseases. FY 2003 DA programs to promote the health of women and infants and to control the spread of HIV/AIDS and other diseases will contribute to U.S. global efforts to reduce the spread of infectious diseases. FY 2003 DA programs to improve basic health care will support the U.S. strategic goal of economic development in Nigeria.

The electoral process in Nigeria is susceptible to violence and instability. In support of upcoming national, state, and local elections in 2003, Africa Regional Economic Support Funds (ESF) will be used to address

weaknesses in the electoral process. Technical assistance and training for voter registration and electoral administration will target election officials, monitors, and polling station observers.

ESF from the Countries in Transition account will address badly needed rehabilitation of critical Nigerian governmental institutions (e.g., supporting justice system modernization and anti-terrorism training related to border control and the freezing of terrorist assets).

Nigeria as a regional military power has played a major role in maintaining stability in many African countries. U.S. military assistance programs will concentrate on ensuring military subordination to civilian rule and reinforcing a positive role in regional peacekeeping. Re-establishing the professionalism of the Nigerian Armed Forces will be promoted through FY 2003 International Military Education and Training (IMET) programs with emphasis on the role of the military in a civil society. Training resources will be used to help reorient the Nigerian military to its proper role under civilian authority and to enhance its regional peacekeeping capabilities. Nigeria will be eligible in FY 2003 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Provision of grant EDA will facilitate Nigeria's continued participation in peacekeeping operations.

Foreign Military Financing (FMF) in FY 2003 will help Nigeria improve military management and training, refurbish its C-130 fleet used in regional peacekeeping exercises, and improve maritime security. Improvement of Nigerian and West African crisis response peacekeeping capabilities will be achieved by utilizing voluntary Peacekeeping Operations (PKO) funds to establish training facilities for activities conducted by the successor to the African Crisis Response Initiative.

Nigerian crime syndicates, many of them linked to narcotics-trafficking, cost American victims tens of millions of dollars each year, mostly through financial fraud. The United States will continue to work with Nigerian law enforcement agencies to encourage and facilitate active investigation and prosecution of Nigerian criminals. This effort will use regional ESF and International Narcotics Control and Law Enforcement (INCLE) resources. Programs will also permit Nigerian law enforcement and judicial system personnel to train and develop professional relationships in the United States to disrupt heroin and narcotics trafficking to America.

Nigeria remains eligible for trade benefits under the African Growth and Opportunity Act. Taking advantage of this opportunity will further boost economic growth and provide employment, increasing stability in Nigeria and the region.

Republic of the Congo
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
IMET	86	110	110

U.S. national interests in the Republic of the Congo (ROC) are democracy and human rights and humanitarian assistance. An associated strategic goal is the promotion of regional stability. Congo is in transition from a civil war in the late 1990's that left the country deeply divided, largely along ethnic lines, and with a severe humanitarian crisis. The humanitarian crisis is over, but reconstruction from the war remains a long-term task. A 1999 peace agreement provided a national dialogue on a new political dispensation and elections. Voters recently approved a new constitution in a national referendum; elections are scheduled for mid 2002. U.S. investments in the Congo are mainly in the petroleum sector. Though not directly involved in the conflict in neighboring Democratic Republic of Congo (DRC), over 100,000 DRC refugees are in the ROC.

The main U.S. objective in the ROC is to promote stability through the election of a democratic government and economic development. Economic Support Funds (ESF) provided in prior years supported the demobilization and reintegration of rebels and election administration planning. FY 2003 ESF channeled through regional programs such as the Africa Regional fund is planned to provide training in legislation drafting and committee activities for the new legislature.

FY 2003 International Military Education and Training (IMET) funds can, through the establishment of an English language program, prepare ROC military personnel for future training opportunities in military justice, human rights, and other functional areas as well. These training programs will assist in the development of a new military composed of former government and rebel troops. IMET will also facilitate military-to-military contact and the establishment of beneficial relations and defense cooperation between the militaries of the ROC and the United States. The ROC will be eligible in FY 2003 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Grant EDA will primarily be used to help the ROC participate in peacekeeping activities.

The Republic of the Congo is eligible to receive trade benefits under the African Growth and Opportunity Act (AGOA).

Rwanda
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
CSD	7,167	10,300	0
DA	6,997	5,311	18,173
IMET	0	100	150
NADR-HD	400	450	450
P.L. 480 Title II	10,394	9,076	10,979

The primary U.S. national interests in Rwanda are the promotion of democracy and human rights and humanitarian response. U.S. programs aim at preventing a recurrence of genocide (which claimed an estimated 800,000 lives in 1994) by helping to create the political, economic, and social conditions that will lead to development of a prosperous society, embracing democratic governance and respect for human rights. These programs focus on promoting practices that combat corruption and improve transparency and accountability at all levels of government and in the private sector.

The United States implements a variety of political, humanitarian, economic, and military assistance programs that support U.S. interests in aiding Rwanda's transition to sustainable development and securing regional peace and stability in Africa's Great Lakes region.

In FY 2003, regional Economic Support Funds (ESF) will be used to strengthen capacity for the administration of justice, to raise public awareness of the genocide laws, to promote reconciliation through local-level social and economic activities, and to encourage citizen participation through support for elections and other parliamentary processes. These programs will support justice and ethnic reconciliation, creating social conditions for democratic political development and economic growth.

Rwanda is eligible to receive trade benefits under the African Growth and Opportunity Act. Rwanda is also eligible to receive debt relief under the enhanced Highly Indebted Poor Countries (enhanced HIPC) initiative. FY 2002 Development Assistance (DA) financed activities to promote democracy, human rights, and economic growth. To improve food security in a country in which 90 percent of the population earn their living through farming, DA funding also focused on agriculture in rural areas. FY 2002 Child Survival and Health Programs (CSD) funds supported infectious disease treatment and eradication, HIV/AIDS prevention, and other health-related programs. DA in FY 2003 will continue to finance these programs.

Nonproliferation, Anti-terrorism, Demining, and Related Programs (NADR) funds have supported humanitarian demining efforts in Rwanda since FY 1997. As a result, the number of landmine victims has decreased sharply. FY 2003 NADR demining funds will ensure the continued expansion of safe land for resettlement, agriculture, and cattle grazing.

Rwanda's participation in International Military Education and Training (IMET) will continue to be conditioned upon its cooperation in helping to resolve the conflict in the Democratic Republic of Congo. With a positive change, we will start up IMET programs to train Rwandan Patriotic Army (RPA) personnel in human rights, military justice, and civil-military relations. IMET will help restore greater professionalism in a downsized RPA. This will directly support democratization efforts, create a basis for Rwanda to become a possible peacekeeping contributor, and improve its capacity to effectively combat negative forces along its borders.

Sao Tome and Principe
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
IMET	101	85	100
P.L. 480 Title II	320	0	0

The primary U.S. national interest in Sao Tome and Principe is democracy and human rights. U.S. efforts focus on promoting political stability to support the Voice of America facility and operations. In the coming decade, U.S. companies are expected to participate in the development of petroleum resources in Sao Tome's territorial waters.

Sao Tome and Principe has been a democratic country for more than ten years. Open, free, and transparent elections have characterized political life since the introduction of a multiparty system and the first democratic presidential election in 1991. The administrative system for elections, however, remains weak. The economic situation is fragile, with a low GDP per capita and high dependence on cocoa.

International Military Education and Training (IMET) programs will provide training in military leadership skills, English language capability, and professional development in the Sao Tome military. These will support Sao Tome's democratic tradition and security management for STP territorial waters.

Sao Tome and Principe will be eligible in FY 2003 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. EDA would be used in conjunction with other tools of engagement, such as IMET, to improve military professionalism and thereby reinforce appropriate civil-military relations.

Through funding provided in prior years, the United States is providing technical assistance for a four-year \$1.7 million malaria control project in cooperation with the governments of Portugal and Sao Tome and Principe. The project will build capacity within the government to ensure that malaria, once controlled initially, does not recur.

Sao Tome and Principe is eligible to receive trade benefits under the African Growth and Opportunity Act. Sao Tome and Principe is also eligible to receive debt relief under the enhanced Highly Indebted Poor Countries (enhanced HIPC) initiative.

In recent years, the United States has not provided Development Assistance (DA) to Sao Tome and Principe. Prior year Economic Support Funds (ESF) provided equipment and administrative support to the National Election Commission.

Senegal
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
CSD	10,366	14,405	0
DA	13,375	13,350	28,380
FMF	800	400	500
IMET	912	850	900
Peace Corps	2,735	3,105	3,069
P.L. 480 Title II	834	0	0

Senegal is the most important Francophone partner in sub-Saharan Africa in pursuing the U.S. national interests of expanding democracy and human rights, promoting economic prosperity, and law enforcement, including combating terrorism. Senegal is also a key ally in U.S. efforts to promote regional peace. Senegal is a strong supporter of U.S. foreign policy initiatives and a consistent voice for moderation and compromise in multilateral and Islamic organizations. Senegal has been at the forefront of Africa's response to terrorism, actively lobbying other African and Islamic countries to take concrete action. Senegal is a participant in the African Crisis Response Initiative (ACRI) and has a long-standing offer to contribute one Operation Focus Relief-trained battalion to the UN peacekeeping mission in Sierra Leone. As the newly elected head of the Economic Community of West African States (ECOWAS), Senegal will have additional regional influence over the coming years.

U.S. assistance to Senegal increases the influence and impact of a participatory democracy in an unstable region. It also supports market-based economic reform, boosts transparency in government, increases professionalism in the military, and relieves human suffering.

Senegal, low in natural resources but with a high population growth rate of 2.7 percent per year, has historically presented a poor investment climate with high urban unemployment. To encourage entrepreneurship in this environment, Development Assistance (DA) funds have created thousands of new income-generating enterprises by creating 95 additional bank branches geared towards micro-credit loans, increasing the number of commercial clients from 10,214 to 40,214 in two years. The Peace Corps in Senegal also supports micro-finance projects, as well as projects in environmental education and health awareness at the grassroots level. FY 2003 DA will promote continued private enterprise development, enhance democratic local governance, and remove key impediments to market-based growth in the areas of policy, finance and business practices. Conflict resolution activities in the southern region of the Casamance, which has been host to a simmering 20-year rebel movement, will encourage economic development and peace initiatives through micro loans, property reconstruction, and peace building activities. Senegal is one of the few countries in the world to have succeeded thus far in containing the spread of HIV/AIDS. DA funds will build on this success with an emphasis on prevention, behavior change, policy dialogue with political and health leaders, and increased involvement of the media in HIV prevention.

If the Government of Senegal can cement a peace accord with representatives of the separatist movement in the Casamance region, the United States may provide Africa Regional Economic Support Funds (ESF) to support a demobilization, disarmament, and reintegration program. Successful demobilization will add to the stability of the country and the region.

Over the past six months, Safe Skies-funded initiatives have reversed the unsatisfactory security posture of Senegal's only international airport. This year we plan to draw on additional Safe Skies funds from the ESF

account to bring the airport into compliance with the Federal Aviation Administration's highest technical safety standards. Regional ESF would also fund efforts to enhance Senegal's ability to control the movement of potential terrorists and their financial resources.

FY 2003 International Military Education and Training (IMET) will reinforce the Senegalese military's role as an institution subordinate to the democratic civilian government and improve its capabilities for participation in regional/international peacekeeping operations. This will complement Senegal's participation in the successor to the Africa Crisis Response Initiative (ACRI) and the African Center for Strategic Studies. Although previous ACRI training has resulted in a marked improvement in the professional level of individual peacekeeping units, in past operations, peacekeeping battalions from different countries have experienced conflicting procedures and difficulties in communicating. ACRI-funded peace support exercises at the brigade level between Senegalese headquarters staffs and third country battalion staffs will reinforce interoperability and commonality in a multinational context. These exercises will also engage key officials from sub-regional organizations, augmenting the integration of political peace support mandates and the military operations they require.

Senegal is eligible in FY 2003 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Provision of grant EDA will enhance its capabilities to participate in international peacekeeping activities.

Senegal remains eligible for trade benefits under the African Growth and Opportunity Act. Taking advantage of this opportunity will further boost economic growth and provide employment, increasing stability in Senegal and the region. Senegal is a member of the Organization of African Unity as well as ECOWAS and has received substantial reductions in debt payments and associated stabilization assistance from multilateral lending institutions through the Heavily Indebted Poor Countries initiative.

Seychelles
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
IMET	60	75	100

U.S. national interests in the Seychelles are democracy and human rights; law enforcement, including counterterrorism; and global issues, including the environment. The Seychelles supports the United States in the global war on terrorism and has offered to cooperate to the fullest extent that it can. The Seychelles signed several additional international conventions that support counter-terrorism since the terrorist attacks of September 11. The Seychelles is a small country with a struggling economy and a fragile democracy, yet it is willing to shoulder its share to eradicate terrorism by offering its facilities to U.S. military forces.

Since the closure of the American Embassy in Victoria in 1996, U.S. assistance to the Seychelles has been modest. However, the Seychelles is eligible to receive trade benefits under the African Growth and Opportunity Act (AGOA), which offers a chance for the Seychelles to reorient its economy. Its manufacturing sector is neither extensive nor diversified, but AGOA offers an incentive for investment in this area. The economy suffers from lack of foreign exchange and a downturn in tourism. AGOA can provide an opportunity to expand its economic base.

In FY 2003, International Military Education and Training (IMET) programs will contribute to developing a professional military and respect for civilian rule by maintaining contacts with military leaders and strengthening regional stability. Training will include civil military relations and technical specialty training. Small grants from the Development Assistance (DA) Human Rights and Democracy Fund (HRDF) and diplomatic efforts will promote democracy in the Seychelles.

The Seychelles is eligible in FY 2003 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Provision of grant EDA will support the Seychelles' counter-narcotics maritime activities and coastal security efforts.

Sierra Leone
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
CSD	1,884	325	0
DA	3,116	3,417	3,868
ESF	1,900	9,000	0
IMET	130	200	250
P.L. 480 Title II	32,975	13,589	0

The United States has important humanitarian interests in Sierra Leone, epicenter of West African regional instability. U.S. assistance supports a United Kingdom-led international effort to prevent a recurrence of the lawlessness and brutal violence that has produced thousands of deaths and injuries, war crimes, and hundreds of thousands of refugees. Toward this end, the United States is working to prevent Liberian President Charles Taylor from continuing to pursue his destabilizing role in the region. Broad U.S. goals are to help foster an environment in which the Government of Sierra Leone (GOSL) can control its territory, protect its citizens, provide for legal exploitation of the country's resources and for future economic development, and hold free and fair elections.

The security situation in Sierra Leone greatly improved during 2001. Over 45,000 combatants have been disarmed and demobilized. Parliamentary and presidential elections have been scheduled for May 2002. A January 2002 agreement between the UN and the GOSL established a Special Court to investigate, indict, and try those bearing the greatest responsibility for violations of international humanitarian law.

The sustainability of peace within Sierra Leone and the region rests on the form and content of the "relief-to-recovery" process. U.S. assistance will address some internal threats to Sierra Leone's long-term stability such as poor governance, lack of effective popular participation in government, and widespread corruption. These conditions, combined with the effects of the war, led to what many now characterize as Sierra Leone's "state collapse," a condition where the most basic public functions are not performed and public confidence in government is deeply eroded.

Development Assistance (DA) and Economic Support Funds (ESF) under Countries in Transition (CIT) will be used to continue civic education and reconciliation activities in order to strengthen the electoral and political processes, improve respect for human rights throughout the country, and relieve human suffering. DA will also be used to solidify the GOSL's ability to manage the country's diamond resources and to explore a potential global development alliance with the international diamond industry.

DA and ESF from Africa regional funds will also be used to continue the program started in FY 2002 to rehabilitate public infrastructure destroyed during 10 years of war. As the United States continues to press forward on securing justice for the terrible atrocities committed in Sierra Leone, up to \$5 million from ESF/CIT funds will help fund the Special Court.

If Liberian President Charles Taylor continues to represent a serious threat to Sierra Leone, the United States will provide Africa Peacekeeping Operations (PKO) funds to enhance Sierra Leone's early warning and self-defense capabilities.

The International Military Education and Training (IMET) program in FY 2003 will help to rebuild the military and reinforce democratic values. IMET will also support improvement of Sierra Leone's military justice system and civil-military relations. It will include travel to the United States by senior military officers for professional military training as well as technical assistance in defense resources management.

Sierra Leone will be eligible in FY 2003 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Assuming continued progress with the peacekeeping mission, grant EDA can be provided to support the ongoing rebuilding and restructuring of Sierra Leone's armed forces.

Sierra Leone is also eligible to receive benefits provided for in the African Growth and Opportunity Act (AGOA), which provides greater access to the U.S. market as a means of enhancing U.S. economic engagement with eligible African countries and supporting sustainable economic development.

U.S. funding has helped to achieve the enormous progress made in Sierra Leone in stopping the war, disarming the rebels, and establishing a mechanism to bring to justice those bearing the greatest responsibility for violations of humanitarian law. Funding will be of critical importance as Sierra Leone rebuilds its shattered physical and social infrastructures.

Sierra Leone is currently a Poverty Reduction and Growth Facility (PRGF)- eligible country. Sierra Leone is not eligible for the World Bank/International Monetary Fund-designed framework for debt assistance, the Highly Indebted Poor Countries Initiative.

Sierra Leone is a member of the Economic Community of West African States (ECOWAS) and the Organization of African Unity (OAU).

Somalia
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
CSD	500	500	0
DA	2,500	2,467	2,900
NADR-HD	1,400	1,200	1,200
P.L. 480 Title II	9,702	12,866	0

The United States has three primary interests in Somalia: national security and law enforcement, humanitarian assistance, and democracy and human rights. U.S. policy goals include removing the terrorist threat extant in Somalia and ensuring against Somalia's use as a terrorist base, preventing developments in Somalia from threatening regional peace and stability, and overcoming the long-term governance challenges that terrorists exploit to make Somalia a base. Foreign assistance funding is needed to help meet these goals because the lack of state institutions makes it extremely difficult for the Somali people to achieve these ends on their own. Various Somali factions have offered help in the war on terrorism, but their levels of commitment remain to be fully demonstrated.

Civil war, external intervention, clan conflict, and poverty abetted by natural disasters have combined to turn Somalia into a "failed state." Somalia has had no central government since the Siad Barre regime collapsed in 1991. Three principal factions now lay claim to governmental authority: the self-proclaimed "Republic of Somaliland" in the northwest; the autonomous government of strife-ridden "Puntland State" in the northeast; and the Transitional National Government (TNG), which aspires to be the nucleus of a national government but in fact controls only a portion of the capital, Mogadishu, and a section of Somalia's long coastline. The United States does not recognize the claims of any of these factions, although it does maintain informal contacts with them. In addition to these groups, numerous warlords continue to vie for dominance at the local level. Hundreds of thousands of Somalis live as refugees in neighboring countries, especially Kenya, and many others are internally displaced.

Somalia's economy, largely based on agriculture and pastoralism, is underdeveloped. Alternating droughts and floods, combined with endemic strife, have seriously reduced productivity and threaten widespread starvation. Somalia's primary sources of income are foreign assistance and remittances from overseas. Livestock, one of its principal exports, is largely banned from its major regional market in the Arabian peninsula. There is little infrastructure, and even less in the way of civil services. This situation provides a fertile ground for the seeds of international terrorism and lawlessness. Indeed, two organizations active in Somalia, al-Ittihad al-Islami and the al-Barakaat group of companies, have had their assets frozen pursuant to President Bush's executive order of September 23, 2001, because of their links to terrorist groups.

Widespread insecurity and the absence of effective governance in most of Somalia's territory, combined with the information gaps produced from a lack of U.S. policy-level attention to Somalia since 1994, make these goals challenging to achieve. They also limit the ability of the United States to supply substantial amounts of non-humanitarian aid and Somalia's ability to participate in other arrangements, such as the African Growth and Opportunity Act.

In this context, a modest amount of Development Assistance (DA) enables support of efforts to rehabilitate Somalia's war-ravaged potable-water system, to strengthen civil-society organizations, and to rebuild Somalia's health-care facilities. The United States will supply technical assistance and basic health-care and water-supply equipment through these programs. While relieving human suffering, these efforts will also contribute to building democratic institutions and practices in Somalia and to reinforcing some measure of stability. These programs are small but vital pledges of continued U.S. interest in addressing Somalia's

multitude of economic and developmental problems. They have contributed to modest improvements in conditions in some areas of Somalia.

Prevailing peaceful conditions in the territory of the “Republic of Somaliland” also permit support of humanitarian demining efforts in FY 2003 through the Humanitarian Demining Program funded by Nonproliferation Anti-terrorism, Demining, and Related Programs (NADR) funds. These efforts will save lives and return areas to agricultural use.

As important as these programs are, they do not tackle directly the core problem facing Somalia: the lack of a polity that can command the respect and voluntary allegiance of the Somali people. Such an entity is essential in dealing both with longer-term terrorism issues and with development. In this regard, the United States supported the “Arta Process,” led by Djibouti, out of which the TNG emerged. It will also work with other states of the region in further reconciliation efforts endorsed by the Intergovernmental Authority on Development, the principal regional organization in East Africa. In these ways, the United States hopes to join with others interested in Somalia to promote national dialogue and the emergence of appropriate governmental arrangements

South Africa
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
CSD	17,362	20,625	0
DA	32,665	33,849	62,428
FMF	1,000	6,700	6,000
IMET	1,200	1,450	1,450
Peace Corps	2,606	2,575	2,596

As the region's key economic, diplomatic, and military power, South Africa has a significant bearing on regional security. Major U.S. interests in South Africa include democracy, economic prosperity, national security, law enforcement, and global issues such as HIV/AIDS. The United States seeks to promote South Africa's development as a stable, democratic, market-oriented, and prosperous state, with good relations with its neighbors and strong U.S. links. Such a South Africa will be a strategic pillar for stability and an engine for economic growth in the region. It will also be a key partner in tackling major challenges, such as shaping a more stable and secure Africa, and developing effective international responses to such issues as arms control and nonproliferation, environmental degradation, and HIV/AIDS. Moreover, South Africa's successful transition will mean enhanced prospects for U.S. trade and investment, safety for Americans traveling in South Africa, and more effective cooperation in the fight against terrorism, crime, and narcotics trafficking. South Africa supports the war on terrorism through cooperation on financial, diplomatic, and law enforcement activities.

The success of South Africa's transformation to a democratic and prosperous state is critical, not only for its own long-term stability, but also for the political and economic development of its Southern African Development Community partners and farther afield in Africa. FY 2003 Development Assistance (DA) will continue to support South Africa's efforts to strengthen and consolidate democracy, with special emphasis on strengthening the criminal justice system, democratic and effective local governance, and civil society-government partnerships. Programs will focus on activities that strengthen the criminal justice system, promote empowerment of women, establish effective local government and rule of law, and make the judicial system more accessible to and representative of the majority of the population through institutional and policy support to the Ministry of Justice. DA funds training and expertise primarily for capacity building in government and non-governmental institutions.

To assist the government's effort to promote the participation of the previously disadvantaged majority in civil society and the economy, FY 2003 DA programs will invest in education, private sector development, and delivery of housing and related human services to encourage broad-based, sustainable growth. These programs will address unemployment through programs in workforce development and education. DA programs will also increase market-driven employment by supporting existing small and medium-scale enterprises.

Lack of adequate shelter and services for the previously disadvantaged majority population continues to be a challenge for South Africa. DA programs in FY 2003 will also develop new strategic approaches to address emerging technical complexities of housing development, including upgrading existing settlements, energy and environmental concerns, and the capacity of local authorities to deliver services in these areas. Helping South Africa pursue environmentally sustainable, market-based development will assist it in achieving other goals, such as broad-based growth and health. To encourage environmentally sustainable socioeconomic growth, DA will be used for training and for capacity building of policy formulation entities. DA supports economic development by funding technical assistance and scholarships to improve economic policy formulation and implementation and increase opportunities for market-led job creation. DA will

continue to focus on primary health care delivery, with an increased focus on capacity building and HIV/AIDS prevention, mitigation, and basic education. DA will also be used to improve access to HIV/AIDS prevention services. Through the Ministry of Health, and U.S. and South Africa non-governmental organizations spending on HIV/AIDS programs is expanding. Such programs focus on the diagnosis and treatment of sexually transmitted diseases, counseling and testing for HIV on a voluntary basis as well as extensive HIV/AIDS awareness and prevention education campaigns, and vaccine development. Support programs for AIDS orphans are also being implemented, along with activities to further research on the economic and social impact of HIV/AIDS. Education is a major recipient of assistance in FY 2003 to support systems improvement and service delivery in basic education, further (community) education, and higher education. DA funding will also support access to housing and sustainable municipal infrastructure through loan guarantees that have benefited over 500,000 low-income households thus far.

South Africa is eligible for benefits under the African Growth and Opportunity Act (AGOA). Under AGOA, its exports to the United States increased substantially in the first nine months of CY 2001.

South Africa's political and military leadership in southern Africa and beyond are key elements for promoting regional stability and economic growth. Through International Military Education and Training (IMET), the United States encourages South Africa to transform its defense force into a professional military cognizant of human rights considerations and subject to civilian control by the government. This is accomplished by sponsoring South Africans to attend U.S. command and staff colleges, equal opportunity courses, civil-military relations courses, and other professional military training. Additional training will focus on peacekeeping, flight safety, and medical/health issues, such as prevention and treatment of HIV/AIDS, which affects upwards of twenty percent of South African military personnel. FY 2003 IMET will be used to continue these programs, which are dramatically increasing U.S.-South African military ties and cooperation.

In FY 2003, Foreign Military Financing (FMF) will support programs to enhance the South African military readiness and capacity. The funds will pay primarily for maintenance and training for C-130 aircraft being used to support the South Africa National Defense Force (SANDF) deployment in Burundi on behalf of that country's peace process. This assistance will also foster the overall readiness of the SANDF and its regional intervention capabilities. Additionally, FMF funds will be used to help the SANDF address defense reform issues, increase military professionalism, and improve disaster response capabilities.

South Africa will be eligible in FY 2003 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Provision of grant EDA will support South Africa's peacekeeping activities and enhance our cooperative relationship. EDA, as well as FMF, is currently being used to support South Africa's mission in Burundi.

With its robust democracy, developed economy, and sophisticated financial system, South Africa offers both a major area of opportunity for organized crime and the potential means to successfully combat it, both domestically and regionally. Widespread crime in South Africa creates insecurity, undermines confidence in new democratic institutions, and impedes economic growth. Islamic extremism is a growing threat. The national police force, the South African Police Service (SAPS), is an organization still in painful transition; its legacy as an instrument of the apartheid regime still evokes public hostility, and funding cuts have eroded morale and its ability to fight ever-stronger criminal elements.

The United States and South Africa have identified the following priorities for U.S. assistance: border controls, counternarcotics, youth and domestic violence, sex crimes, organized crimes, major case management, law enforcement train-the-trainer and curriculum development, corruption, and money

laundering. In all of these areas, the goal of U.S. assistance is to assist in building South African judicial and law enforcement capacity to deal effectively with its very serious crime problems. Additional assistance will be provided to expand existing forensic and investigative capabilities, particularly with regard to financial crime and counterfeiting, which have a direct impact on U.S. citizens and businesses.

In addition to such specialized assistance, programs designed to bring people and police together will be essential in restoring law and order. The SAPS needs to be encouraged and supported in implementing a community-policing model that would put more police on the streets. Support for the fledgling Johannesburg Municipal Police could address a critical need for more focus on street crime by putting local police on the streets and in contact with their communities. A successful municipal police force model would allow the SAPS to put more emphasis on investigations and prosecutions of organized crime, in addition to strengthening democratic policing. Finally, drug demand reduction and prevention programs are necessary to address the conditions underlying much of the violent street crime. U.S.-funded programs and training have been instrumental in developing successful law enforcement entities in South Africa, reducing the threat of domestic terrorism, and enabling police and prosecutors to fight organized crime and narcotics smugglers.

The Peace Corps is active in South Africa, with some 90 volunteers engaged in educational curriculum development, teacher training, and HIV/AIDS awareness programs.

Sudan
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
CSD	1,000	500	0
DA	3,500	10,881	22,300
P.L. 480 Title II	40,888	868	0

The primary U.S. national interests in Sudan are national security and law enforcement, democracy and human rights, and humanitarian response. Given Sudan's size, potential oil wealth, and location in the volatile Horn of Africa, it is important that the Sudanese reach a just, negotiated resolution to the civil war in Sudan.

The Government of Sudan's participation in the war on terrorism has had a promising start. Steady gains have been made up to now, but more can be done. The USG and Sudan are maintaining an ongoing dialogue on battling terrorism that has been frank and productive.

Sudan's civil war of 18 years is a cause of great concern to the United States and the international community. Two million Sudanese have died of war-related causes. The war, coupled with frequent droughts, has caused a long-term humanitarian crisis, requiring humanitarian assistance of \$1.3 billion over the past 11 years from the United States, among other donors. The scope and breadth of this human suffering necessitates continued action and involvement by the United States.

With that in mind, the principal U.S. short-term goal is an end to the conflict. Slavery, abductions, forced servitude, human rights abuses, and religious persecution are all symptoms of the civil war that the parties to the conflict say they want to conclude. To this end, President Bush named Senator John Danforth the Special Envoy for Peace in Sudan in September 2001. The President tasked Senator Danforth with determining whether the Sudanese are earnest in their stated desire for peace. As tests, the Special Envoy proposed four confidence-building measures: a cease fire in the Nuba Mountains, days and zones of tranquility for humanitarian access, the formation of a U.S.-led commission to investigate slavery, and the cessation of attacks on civilians. At time of publication of this document, all but the measure relating to attacks on civilians had been agreed to and are under implementation.

Conflict and related human rights abuses are the primary development challenges for USAID in southern and eastern Sudan. The isolation of some opposition-controlled areas, such as the Nuba Mountains, in combination with continued warfare have effectively stalled development in some regions and prevented access to even the most essential goods and services. The vast areas over which assistance needs to be provided, the enormous physical challenges – from swamp to desert-like conditions – and the lack of basic infrastructure make development logistically very difficult and costly. Many Sudanese in areas outside of Government of Sudan (GOS) control lack the capacity to manage their own rehabilitation and development as a result of little or no access to basic education, agricultural skills, business opportunities, or markets for the past several decades. Extremely high rates of illiteracy, poor quality production, and inaccessible markets are the results of historical underdevelopment in southern Sudan and 19 years of war. There has been a near-total disruption of health care services in areas outside of GOS control. Polio, malaria, guinea worm, river blindness, and other diseases are prevalent. HIV/AIDS is a significant threat in opposition-held areas of Sudan. Many communities in areas outside of government control are working hard to help themselves, but need support in becoming more efficient and effective.

USAID will program Development Assistance (DA) to address all of these issues. In order to enhance conflict prevention in southern Sudan, USAID is undertaking a program to address inter-ethnic/tribal

conflict through technical assistance and logistical support for people-to-people reconciliation. The program will include training for local civilian administrations. The mission will provide technical assistance, research support, and training in natural resource management as well as agricultural and business skills in order to enhance food security. This program will establish agricultural extension services and a means to better distribute produce from food-surplus to food-deficient areas in southern Sudan. DA will also bolster primary health care through technical assistance and training.

Other programs underway utilize Economic Support Funds (ESF) and include medical support to southern Sudan's war-affected and landmine-riddled areas. This program will train personnel in treating war-related injuries and the evacuation of injured civilians, as well as provide medical supplies.

In support of the Nuba Mountains ceasefire proposed by the Special Envoy and signed by the parties to the conflict, the United States will facilitate the set-up of the Joint Military Commission and International Monitoring Unit (IMU). The IMU, a partnership of European, Canadian, and U.S. governments, will act in an observer capacity, ensuring that both parties uphold the agreement as signed. We anticipate using ESF and Peacekeeping Operations (PKO) funds to support this effort.

Swaziland
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
IMET	98	100	100

Priority U.S. interests in Swaziland are democracy and human rights – in particular, increased room for political discourse and rule of law – and humanitarian response. Swaziland is at a turning point on the issue of rule of law, as a constitutional drafting team has been appointed to fill the gap left by the 1973 abolition of the constitution. Humanitarian interest includes addressing the devastating impact of its 34 percent HIV/AIDS adult prevalence rate, which threatens economic and social stability. Stability is furthered by encouraging economic growth through increased business activity and investment and business development, including assisting the Swazis in taking full advantage of the African Growth and Opportunity Act (AGOA) and its textile benefits. These goals will increase the kingdom’s contribution to stability in southern Africa. U.S. high priority interest in counterterrorism was bolstered by Swazi enactment of a money laundering law that will aid in the seizure of terrorists’ assets.

Regional Economic Support Funds (ESF) may be used to advance the U.S. strategic objective of democracy promotion by supporting civil society initiatives related to democratic practices, including the constitutional drafting process. Such funding will continue to support civil society discussions on constitutional development as well as funding visits by constitutional experts to assist the constitution drafting team and support speakers on constitutional issues to inform civil society participation in the process. Some extremely candid discussions on the constitutional process, sponsored by U.S. funding and with high-level participation and attendance, have already occurred.

While not a recipient of bilateral Development Assistance (DA), Swaziland benefits from regional DA funds. Continued support for education initiatives will be a focus for DA activity. Educational support in FY 2002 included the funding of educational costs for AIDS orphans. U.S. HIV/AIDS-related assistance has increased HIV/AIDS awareness and prevention and increased the capacity of non-governmental organizations (NGOs) to provide palliative care to victims of HIV/AIDS. Swaziland will benefit from USAID’s regional HIV/AIDS program. This program funds a small grants initiative which provides technical assistance and funding to build the capacity of NGOs. Recent recipients have included some of the primary palliative-caregivers for Swazis suffering from HIV/AIDS. The U.S. Government will also continue to conduct workshops through this initiative. Past focuses have been on women’s organizations and journalists; a new focus will be on cross-border communities, which are major transmission zones. State and Defense Department funds will also continue to support an HIV/AIDS awareness program in the Swazi military. USAID funds provide most of the billboards, pamphlets, and other items the Swazi government uses in its public awareness efforts.

Efforts to increase the professionalism of the Swazi military directly support U.S. primary goals of advancing democracy and human rights and humanitarian assistance. They also bolster our broader goals of supporting regional stability. FY 2003 International Military Education and Training (IMET) will fund military assistance programs that promote a higher degree of professionalism in the Swazi defense forces through education on the role of the military in a democracy and in respect for human rights.

International Narcotics Control and Law Enforcement (INCLE) regional funds will support police training at the International Law Enforcement Academy in Botswana and more efficient land border control operations - thereby enhancing counterterrorism capacity - through a grant to the UN International Drug Control Program.

Tanzania
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
CSD	10,725	16,700	0
DA	10,378	8,124	32,936
IMET	214	200	230
Peace Corps	2,161	2,656	2,704
P.L. 480 Title II	29,256	1,590	0

Located between eastern and southern Africa and adjacent to the Great Lakes Region of Africa, Tanzania is well positioned to support U.S. interests in Africa, especially in the fields of democracy and human rights, humanitarian response, and law enforcement. The United States has strong interests in its role in regional stability and counter-terrorism. Tanzania has historically enjoyed internal political stability and continues to support peace and stability in the region. As a member, with Kenya and Uganda, of the East Africa Community, the Tanzanians are working to establish economic stability throughout the region. Tanzania is the only East African member of the Southern African Development Community (SADC) and provides a vital link between these two regions on economic and political issues. Tanzania is also playing an important role in bringing peace to Central Africa with its efforts to resolve the Great Lakes crisis, which includes the Democratic Republic of Congo (DRC), Burundi, Rwanda, and Uganda. Tanzania has been very supportive in the war on terrorism in a number of fields, including law enforcement cooperation, embassy security, and financial sector monitoring.

In 1998, Tanzania became the victim of a terrorist attack when Islamic extremists connected with al Qaeda bombed the U.S. Embassy in Dar es Salaam. Tanzania has been a valuable ally in the war against terrorism providing support and encouragement for U.S. efforts. The population of Tanzania is 45 percent Muslim. Amid this largely moderate religious community, there has been some activity of extremist groups. U.S. support of economic development through Development Assistance (DA) funding and military professionalism via International Military Education and Training (IMET) funding has contributed greatly in fighting the terrorist threat.

IMET funds support the training of Tanzanian Peoples' Defense Force (TPDF) personnel in democratic values and respect for civilian institutions. Tanzania's program focuses on training for all strata of the TPDF from senior level Ministry of Defense officials down to non-commissioned officers. In FY 2003, courses will continue in defense resources management, military justice, professional and technical specialties, and civil-military relations to strengthen the TPDF's capacity to conduct peacekeeping and humanitarian operations. Funds will also be used to deepen the TPDF's understanding of the impact of HIV/AIDS upon the military. Also, Tanzania will be eligible in FY 2003 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Grant EDA, such as vehicles, radios, and individual clothing and equipment, will help support Tanzanian peacekeeping efforts.

Terrorism can thrive in a climate of poverty and hopelessness. The Peace Corps and DA have helped the Tanzanians develop their private sector industries and begin the long climb out of poverty into a fully developed economy. The Government of Tanzania has worked on improving the investment climate. Tanzania is also eligible for the trade benefits of the African Growth and Opportunity Act (AGOA) and is working towards completing the requirements for AGOA's additional textile and apparel benefits.

U.S. funding has been used to help the development of a positive investment climate in Tanzania which has led to the establishment of several western enterprises. U.S. health funding has helped to reduce the spread of HIV/AIDS and other sexually transmitted diseases. U.S. environmental programs have helped protect

the Tanzanian national parks and have improved game management for the betterment of all Tanzanians. This has also been a significant help to the tourism industry. FY 2003 DA will continue to support programs for child survival and infectious disease prevention, including HIV/AIDS. Peace Corps programs will contribute to reducing the spread of HIV/AIDS. We will also be able to continue funding environmental programs and efforts to increase investment in Tanzania.

A stable Central Africa will reduce requirements for U.S. peacekeeping forces and massive humanitarian assistance because of ethnic violence and large-scale refugee flows. Tanzania hosts almost a million refugees, the largest number in Africa. Tanzania is an essential sponsor of Burundi peace negotiations in Arusha, and President Mkapa has been repeatedly called upon to help with the peace process in Burundi, Rwanda, DRC, and Uganda.

Togo
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
IMET	52	75	100
Peace Corps	1,612	1,946	1,961

The United States has an interest in promoting democracy and greater respect for human rights in Togo in order to further our strategic goal of regional stability. The United States also has a humanitarian interest in combating the spread of the HIV/AIDS epidemic in Togo, as in other countries in the region.

Togo's transition to democracy has been a protracted and difficult one. President Eyadema has held office since 1967, and legislative elections planned for October 2001 were rescheduled for March 2002. Presidential elections scheduled for 2003 represent a significant opportunity to open a new political era.

The United States does not have a bilateral aid program in Togo (the USAID mission closed in 1994). Small grants to civil society organizations, as appropriate, may be made from regional Development Assistance (DA) and African Regional Economic Support Funds (ESF) to foster increased democratization and respect for human rights. We intend to continue to use regional DA to support efforts to combat HIV/AIDS.

To ensure a successful transition to democracy, it is vitally important that the military's capacity, professionalism, and commitment to democracy be enhanced. The FY 2003 International Military Education and Training (IMET) program proposes to enhance the Togolese military's regard for democratic values, respect for individuals' civil and human rights, and acceptance of the rule of law. It will also facilitate development of professional and personal relationships that may provide U.S. access and influence in a critical sector of society.

The Peace Corps has approximately 79 volunteers in Togo. The Peace Corps' program focuses on education, business development, and protection of the environment. Peace Corps volunteers also assist local health personnel to promote activities that address HIV/AIDS prevention, nutrition, and management of health clinics.

Togo has not been found eligible for trade benefits under the African Growth and Opportunity Act due its failure to meet the Act's eligibility requirements. In addition to the slow pace of democratization, there have been continuing credible reports of poor respect for human rights by Togo's security forces.

World Bank assistance in Togo aims at alleviating poverty by maintaining a sound macro-economic framework and reducing state involvement in the economy, increasing agricultural performance, rehabilitating essential transport and energy infrastructure, restoring basic health and education services, and improving human resource policies. The International Finance Corporation, the Bank Group's private sector lending arm, has no project in Togo. Togo is not participating in the World Bank/International Monetary Fund-designed framework for debt assistance, the Highly Indebted Poor Countries Initiative.

Togo is a member of the Economic Community of West African States (ECOWAS) and the Organization of African Unity (OAU).

Uganda
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
CSD	30,680	34,150	0
DA	19,198	22,724	62,944
IMET	0	100	170
Peace Corps	946	1,070	1,115
P.L. 480 Title II	31,290	10,410	15,880

Uganda has set a positive example for the region and the developing world in liberalizing its economy, promoting primary education, and combating HIV/AIDS with courage and openness. However, Uganda lags behind in opening its political system and allowing the development of political parties. Promoting democratization and good governance is the primary U.S. national interest in Uganda, as we continue work to create greater economic opportunity and growth for the nation's 25 million people. Uganda struggles against a legacy of dictatorship and poverty and will continue to require donor assistance in building a democratic and prosperous future. Uganda is involved in the peace processes of three regional conflicts of great significance: the civil wars in the Democratic Republic of Congo (DRC), Sudan, and Burundi. Uganda solidly supports coalition efforts to defeat terrorism through law enforcement, financial sector actions, and other forms of cooperation. The Government of Uganda continues to battle terrorists who have abducted and killed thousands of Ugandans.

Under the current system of government, political parties are legal, but the law severely restricts their activities. President Museveni has stated he will not seek reelection in 2006, a year that will serve as watershed in Uganda's transition to pluralistic democracy. The United States will encourage the Government of Uganda to remove restrictions on political party activities as elections come over the horizon. Development Assistance (DA) funds will provide technical assistance, capacity building, and training for civil society, the legislative branch, and local government. Support will also be provided to areas of the country affected by terrorist conflict to promote peace, reintegration of terrorist abductees, and development.

Uganda dramatically scaled back its deployment of forces in DRC, although recent intra-rebel and tribal fighting threatens security along Uganda's border with that nation and has caused Uganda to reinforce its troops there. Uganda plays an important role in the Sudan and Burundi peace processes. In FY 2003, International Military Education and Training (IMET) programming will allow training in human rights, military justice, and civil-military relations. Uganda's participation in IMET will continue to be conditioned upon its cooperation in helping to resolve the conflict in DRC. IMET will help restore greater professionalism in a reorganized and downsized military. This will directly support democratization efforts, create a basis for Uganda to become a possible peacekeeping contributor, and improve its capacity to effectively combat terrorism in border areas.

Uganda will be eligible in FY 2003 to receive grant Excess Defense Articles (EDA) under Section 516 of the Foreign Assistance Act, as soon as its troops complete withdrawal from the DRC. EDA will support future peacekeeping contributions and counter threats from terrorist organizations such as the Lord's Resistance Army and the Allied Democratic Forces.

DA will expand economic opportunities for rural Ugandans as the textile and other trade benefits of the African Growth and Opportunity Act create jobs. The United States will provide technical assistance and training to improve agricultural and dairy production, build and diversify Uganda's export base, and

strengthen resource management to preserve ecosystems. Greater attention will be directed to the private sector and non-traditional agricultural exports.

Economic growth will also depend on continued improvements in health and primary education. While Ugandan government and donor efforts dramatically have driven down infant mortality, HIV/AIDS prevalence, and illiteracy rates, these rates remain unacceptably high. The United States will continue its work to fight HIV/AIDS through prevention, counseling and testing, care and support programs, and research. We will also support measures to increase child immunizations, prevent the spread of tuberculosis, and limit population growth. Efforts to improve child health will be integrated with work to expand the access to and quality of primary education, particularly for girls. These activities will be supported through the provision of technical assistance and capacity-building grants to local non-governmental organizations.

The Peace Corps returned to Uganda in 2001 and is involved in teacher training for primary education.

Zambia
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
CSD	26,838	30,830	0
DA	10,255	11,822	50,285
FMF	500	0	0
IMET	181	190	225
NADR-HD	700	800	700
Peace Corps	2,671	2,921	2,933
P.L. 480 Title II	0	87	0

The primary U.S. national interest in Zambia is economic prosperity to support Zambia's development as a stable, peaceful, and prosperous free market democracy, enhancing the stability of southern Africa. With ongoing conflicts in two of its largest neighbors (Angola and the Democratic Republic of Congo) and political and economic instability in Zimbabwe, a stable, democratic, and prosperous Zambia is important for the United States and the region. As a country with significant natural resources, a market-based economy, and a multi-party democratic political system, Zambia can play a significant role in promoting peace and stability in a region of growing importance to the United States. A peaceful, democratic Zambia will assist in the global war against terrorism by denying terrorists refuge and financial or other support.

Democracy and good governance are essential to the long-term stability and economic growth of Zambia. FY 2003 Development Assistance (DA) funds will support Zambian efforts, both governmental and non-governmental, to strengthen democracy - an undertaking that takes on added importance in the wake of the December 27, 2001, presidential, parliamentary, and local elections. Those elections resulted in the emergence of a large and potentially effective opposition presence at all levels of government. Projects will assist activities related to strengthening the parliament, enhancing the role of civil society in governance, and improving the administration of justice, public debate, and selected local government councils. Funds will support the establishment of a permanent alternative dispute resolution center.

Zambia's economy continues to overcome decades of statist economic policies. FY 2003 DA will support market-oriented economic reforms and increase the productive capacity of rural Zambia. Such activities will include support for improved soil conservation techniques, better product marketing skills, and a micro-credit insurance program. Projects will also support business linkages in all economic sectors, with particular emphasis on agriculture, light manufacturing, information technology, and tourism. Zambia has recently qualified for full participation in the African Growth and Opportunity Act. Zambia has been declared by the International Monetary Fund and World Bank to be eligible to receive debt relief under the enhanced Highly Indebted Poor Countries (HIPC) initiative. Zambia is the home of the secretariat of the Common Market of Eastern and Southern Africa, which is working to expand regional economic integration - an objective the United States shares - to promote prosperity and stability both within Zambia and throughout the region. U.S. companies continue to benefit from investments in a range of sectors in Zambia, especially energy and mining-related enterprises.

To develop one of Zambia's greatest resources - its people - DA will be used to increase the quality of and access to primary education, as well as to improve school-based health and nutrition. The Peace Corps is working at the grassroots level to expand economic opportunities, improve sanitation and health care, and enhance basic education, while providing excellent opportunities for volunteer service to Americans.

Diseases and their effects significantly hamper economic growth. Zambia is struggling to deal with high fertility rates and infectious diseases, including the HIV/AIDS epidemic. One-fifth of the adult population is HIV positive. FY 2003 DA funds will support governmental and non-governmental efforts to prevent and treat HIV/AIDS, establish sustainable community-response mechanisms for orphans and vulnerable children, support child survival and maternal health care, expand malaria prevention and treatment programs, reduce vitamin deficiencies, further consolidate immunization services, and prevent and treat diarrheal diseases. Assistance will also be provided to local-level Zambia health management teams. In addition, the Centers for Disease Control and Prevention is working in Zambia to monitor HIV prevalence, build public health laboratory capacity, and improve programs to prevent and treat tuberculosis and sexually transmitted infections.

The International Military Education and Training (IMET) program supports regional stability and enhances democratic values in the Zambian military. FY 2003 IMET will enable Zambian military personnel to attend courses at the Defense Institute of International Legal Studies and U.S. military staff colleges and receive training in peacekeeping, logistics, defense resources management, and tactics.

Zambia will be eligible in FY 2003 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Provision of grant EDA will help Zambia to better control its borders and participate in peacekeeping activities.

The International Law Enforcement Academy in Gaborone, Botswana, provides training opportunities for Zambian law enforcement and drug enforcement agents. Landmines in an estimated 2,500-sq-km area in five provinces are an obstacle to economic development. Zambia was accepted into the U.S. Humanitarian Demining Program in FY 2001, and the USG is currently helping the Government of Zambia establish a national indigenous mine action capability. FY 2003 Nonproliferation, Anti-terrorism, Demining, and Related Programs (NADR) funds will be used to continue capacity building by training and equipping the newly established Zambia Mine Action Center in the operation and management of a national humanitarian demining program.

Zimbabwe
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
CSD	6,438	9,473	0
DA	6,384	1,700	18,108
NADR-HD	595	300	270
Peace Corps	941	490	0

The principal U.S. interests in Zimbabwe are democracy and human rights and economic prosperity. Assistance from the United States will promote reforms that will help reverse Zimbabwe's economic and political decline, restore the rule of law and respect for human rights, and ensure regional stability. Zimbabwe's collapse could have profound effects on the region in terms of economic development and refugees. U.S. humanitarian assistance will help Zimbabwe to address its acute HIV/AIDS problem and food shortages. Zimbabwe has cooperated with the United States on law enforcement and counterterrorism matters. It also has the potential, for better or worse, to be a critical player in efforts to bring peace, stability, and development to the Democratic Republic of Congo (DRC) under the terms of the Lusaka Accords. Zimbabwe is a member of the Southern African Development Community.

Zimbabwe is a country in crisis. It is experiencing negative economic growth and extremely high rates of inflation and unemployment. Political instability and violence, increasing poverty, and an unpopular war in DRC are undermining social stability and having negative effects throughout the region. Growing food shortages will require an infusion of donor resources, and the United States is making contributions through the World Food Program. Through technical assistance, training, and grants to fund specific human rights and media organizations, U.S. assistance to date has helped develop a vibrant civil society now pushing for fundamental political and economic reforms.

FY 2003 Development Assistance (DA) and regional Economic Support Funds (ESF) will continue to promote democracy by increasing civil society's ability to influence economic and political policy-making, especially in parliament and at local government levels. The goal is to make the government both more responsive and accountable to its citizenry. In the economic sector, DA will continue to support private sector development in the form of micro-enterprise development and business skills training. Zimbabwe is not currently eligible for the African Growth and Opportunity Act largely due to the prevailing human rights situation. Zimbabwe's crisis is undermining regional stability, and additional funding to reverse its downward spiral will be drawn from Africa Regional ESF. Use of such resources is envisioned regardless of the outcome of the March 2002 presidential election.

One third of the Zimbabwean adult population is infected with HIV/AIDS, and the Zimbabwean health sector is inadequate to respond to the crisis. FY 2003 DA will continue to expand essential support to the health sector, focusing on increasing public awareness of the AIDS threat. In FY 2003, USAID's community-based initiative to help cope with the nearly one million children orphaned by AIDS will continue.

Nonproliferation, Anti-terrorism, Demining, and Related Programs (NADR) funds have supported the humanitarian demining program in Zimbabwe since FY 1998. In FY 2002, the highly successful demining program reached "sustainment," and funding in FY 2003 and out-years will be considered on an "as needed" basis for follow-up training and equipment replacement.

The Peace Corps' presence in Zimbabwe was suspended in November 2001 when the Government of Zimbabwe failed to provide work permits for volunteer teachers.

Africa Crisis Response and Training
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
PKO	15,618	15,000	10,000

U.S. crisis response assistance and training for Africa is designed to train and equip contingents from African militaries to enable them to respond quickly and effectively to peace support and humanitarian relief crises on the continent. The program's comprehensive approach encourages regional peace support operations for which African countries and security institutions take primary responsibility, thereby reducing the humanitarian burden on the United States. The greater regional stability created by an enhanced African peace support capacity also serves U.S. interests by promoting African democracy and economic growth, and by depriving international terrorists breeding grounds and safe havens. The program provides partner military units with interoperable peace support operation skills and basic equipment that enable units from different countries to work together effectively.

U.S. crisis response assistance and training for Africa is being comprehensively reviewed and transformed in FY 2002. This process seeks to identify and build upon the many strengths and successes of the African Crisis Response Initiative (ACRI), while addressing gaps between the program and the current environment which characterizes African peace support operations. Elements for consideration under the review and consultation process address: sustainability of skills (including greater emphasis on training African trainers and providing assistance to African training institutions); the maintenance of equipment provided; the need for more robust training and assistance relative to the likely threat environment; assistance to and engagement of regional and sub-regional organizations; development and use of more effective evaluation measures; and better coordination of crisis response assistance and training with other U.S. Government security assistance to Africa. The process involves extensive consultations with African countries and other stakeholders. These consultations commenced in December 2001 and will continue through March 2002. By May 2002, new elements of the next phase of U.S. crisis response assistance and training will be put into place, under a new name, and recruitment of new partner countries will commence. Also in FY 2002, and continuing in FY 2003, exercises are being planned and executed to sustain the peace support skills of the original ACRI partner countries.

In its evolved form, U.S. crisis response assistance and training will focus on enhancing African capabilities to participate in an expanded range of peace support operations through a program combining classroom, field, and computer-assisted training exercises, albeit with a greater emphasis on preparing African unit and institutional trainers to teach and lead programs of instruction themselves, to achieve individual and unit competence in peace support tasks. These tasks include convoy escort, logistics, protection of refugees, negotiations, robust force protection, and command and control. Brigade-level training, first conducted in FY 2000 and continuing in FY 2003, develops skills necessary for sub-regional command and control structures. The program will also continue to integrate humanitarian nongovernmental, private voluntary, and international relief organization participation in the training to facilitate cooperation and better coordination in actual operations and to enhance program transparency. A portion of the crisis response assistance and training funds are used to provide basic equipment appropriate to the full range of peace support operations, such as a comprehensive communications package, portable electric power generators, mine detectors, night vision devices, portable light sets, and water purification units, as well as to support program development and administration.

To date, ACRI has completed initial training with battalions from Senegal, Uganda, Malawi, Mali, Ghana, Benin, Cote d'Ivoire, and Kenya, and initial brigade training in Senegal and Kenya. Follow-on training has been provided to Ghana, Senegal, Mali, Benin, Malawi and Kenya. ACRI's first multinational exercises,

combining brigade staffs from Senegal and Kenya with battalion staffs from Malawi, Mali, Benin, and Kenya, began in FY 2001 and continue in FY 2002 and FY 2003.

ACRI partners have been instrumental in regional and international efforts to achieve security and stability in Africa. In 1999, ACRI-trained units from Mali and Ghana sent forces to Sierra Leone as part of the ECOWAS peacekeeping force, contributing to the success in brokering a negotiated settlement. Benin sent a contingent to restore order following political upheaval in Guinea-Bissau, and Senegalese peacekeepers served under the UN mission in the Central African Republic. Kenya provides the Force Commander and one battalion to the UN mission in Sierra Leone, while Ghana provides another battalion. Kenya also provides a battalion to the UN mission in Eritrea/Ethiopia, and an ACRI-trained Ghanaian brigadier serves as the chief OAU military advisor to this peacekeeping effort. Malawi utilized ACRI-provided equipment while responding to severe flooding conditions in neighboring Mozambique and provides a number of military observers to the UN mission in the Democratic Republic of Congo.

Peacekeeping Operations (PKO) funds are needed to support follow-on training events for new programs in Ghana and Senegal (commenced in FY 2002 under the new program elements), complete follow-on training with existing ACRI partner nations, conduct multinational brigade-level training exercises (that include sub-regional organization participants), and begin crisis assistance and training with at least one new African partner in accordance with the new program elements.

The U.S crisis response assistance and training is complementary to and mutually supportive of French, British, and Belgian peace support training efforts.

Africa Regional Fund
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
ESF	11,519	29,000	32,000

The Africa Regional Fund addresses the democracy and human rights, economic prosperity, law enforcement, and global issues interests of the United States. Democracy promotion in Africa is not only a reflection of American ideals but represents the bedrock supporting all key U.S. interests on the continent. Democracy represents a stabilizing force capable of alleviating humanitarian crises resulting from armed political power struggles that cost the United States billions of dollars each year. U.S. economic prosperity flourishes through partnerships in stable governments that strive to enforce the rule of law and create suitable investment environments. Like-minded democracies also make the best partners in our global efforts to address international concerns ranging from terrorism, crime, and drug trafficking to weapons proliferation, environmental degradation, and the spread of disease.

The stability derived from increased democratic governance in Africa is fundamental to protecting and promoting U.S. objectives. The United States will continue to support robustly such key regional democracies as Nigeria, with an estimated \$10 million in FY 2003 ESF, and South Africa, even as we target critical needs in such important countries as Zimbabwe (estimated \$5 million), Kenya (est. \$3 million), and Cote d'Ivoire (est. \$1 million). Throughout Africa, the challenge of democracy promotion will require a multi-faceted approach. Countries such as Ghana and Senegal, which have displayed a strong and sustained commitment to democracy, require continued support to consolidate earlier gains. We will also continue our support for a pluralistic democracy in Uganda. Many African countries will require concerted effort to encourage initial steps toward reform. Lapses in democratic progression must be addressed, at the appropriate time, wherever they occur. These challenges will require increased funding for democracy programs in FY 2003.

The United States supports post-conflict reconstruction, successful transitions to democracy, the consolidation of fully democratic institutions and practices, economic reform, and efforts to combat the global threats of terrorism and environmental degradation through the coordinated use of Public Diplomacy, long-term USAID democracy programs funded by Development Assistance (DA) in USAID-presence countries, and Economic Support Funds (ESF), which are not limited to USAID-presence countries. Four million dollars is requested for democracy programs in non-USAID presence countries. Regional ESF resources target discrete, short-term, and high impact opportunities throughout Sub-Saharan Africa and often strategically target a single aspect or several related aspects within the reform process.

U.S. democracy promotion activities will increasingly extend far beyond election-related support and complement activities in support of economic reform and development. Regional ESF funds will work in tandem with other important ESF programs like the Countries in Transition (CIT) fund and U.S. support for African regional organizations. FY 2003 regional funds will provide technical assistance, equipment, education, and financial support in order to help strengthen respect for human rights, multiparty pluralism, transparent governance, civil society, independent judiciaries and legislative bodies, and an assertive and free media. In addition, reform programs that are essential to promoting the rule of law, good governance, and effective democracy will be supported.

An estimated \$3 million in FY 2003 regional funds will support continuation and expansion of efforts to strengthen financial tracking capacities in key African countries through a cooperative program with the Department of Treasury's Office of Technical Assistance. The program supports domestic and other international efforts to counter the ability of terrorist organizations to acquire and mobilize financial assets.

It also strengthens U.S. efforts to counter narcotics trafficking and other organized crime, as well as helps to secure an environment conducive to legitimate U.S. business investments in Africa. Approximately \$2 million in FY 2003 regional funds will also support trade promotion and the implementation of the African Growth and Opportunity Act (AGOA), \$3 million will be used for counter terrorism training and assistance not otherwise provided through other programs, and \$1 million will be used to combat environmental degradation. Donor coordination and burden sharing will help ensure that U.S. resources are used strategically and continue to achieve maximum results with minimum duplication.

Last year, ESF was used to send election observers to Zanzibar during Tanzania's general elections. Although election-based violence did erupt, the presence of international observers enabled all parties to focus on legitimate election-related concerns rather than merely resorting to violence. As long-term DA resources have been employed to address the demand side of the democratization equation in Kenya through sustained support of civil society, ESF has targeted the supply side by working with reform-minded members of parliament on such issues as constitutional reform and key electoral legislation. ESF-funded domestic and international election observers played a key role during Zimbabwe's parliamentary elections last year by shining the spotlight on the Zimbabwe African National Union Patriotic Front's (ZANU-PF) pre-election strategies of violence and intimidation. ESF also put highly trained professional monitors on the ground in Zimbabwe during the run-up to the March 2002 presidential elections.

Africa Regional Peacekeeping
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
PKO	30,882	41,000	30,000

With U.S. troops and resources heavily dedicated elsewhere in response to the global war on terrorism, it is critical that we continue to invest in efforts to prevent, mitigate, or resolve conflict areas in Africa. Low-cost support to develop African capacity to resolve and prevent African conflicts pays great dividends. In already unstable West Africa, support for the Sierra Leone and Guinean Armies, as well as the placement of air assets in Freetown, will allow us to monitor the region, check the activities of Charles Taylor and the Revolutionary United Front (RUF), and ensure terrorist groups cannot gain a foothold. In the cases of the Congo, Burundi, Sudan, and Ethiopia-Eritrea, the United States is following up commitments made to allies and African partners that help these countries manage and reduce destructive conflict. These low expenditures provide improved U.S. access, increase U.S. leverage to press parties to fulfill commitments, and make it more likely that capable African forces will respond regionally, reducing a potential need to deploy U.S. troops. U.S. strategy seeks to help resolve existing conflicts and support peacekeeping and conflict resolution in the short term, principally using Peacekeeping Operation (PKO) funds, while simultaneously building an African capability to handle conflict and prevent crises well into the future, mostly using Foreign Military Financing (FMF).

PKO funds in FY 2003 will be used to follow through on activities undertaken in FY 2002 to end the violence in Sierra Leone and Guinea provoked by Liberian President Taylor and the RUF. We expect that by the end of FY 2003, the combined efforts of the United States, the UN Mission in Sierra Leone (UNAMSIL), the new Sierra Leone Army, our UK allies, and key West African partners will have greatly eroded the capacity of the RUF and others to destabilize the region. At the same time, the United States will use PKO funding towards longer term objectives such as assisting key Economic Community of West African States (ECOWAS) countries to professionalize their militaries and increase their civic action capabilities so that they contribute to political stability and economic development in their countries and region. Other PKO-funded projects will enhance ECOWAS capacity in crisis response and peace support. To accomplish these broad goals with ECOWAS, we will provide support for maintenance management and training, regional PKO training facilities, and command, control and communications capabilities.

Other PKO-funded activities will include support for disarmament, demobilization, resettlement, and reintegration in the Democratic Republic of Congo (DRC), support for a ceasefire in the Sudan, peace efforts in Burundi, and completion of the Organization of African Unity's work in the UN Mission in Eritrea and Ethiopia (UNMEE). These funds will support regional efforts aimed at disarming and demobilizing "negative forces" in the eastern DRC, using both voluntary and involuntary means. For example, funds could be used to provide logistical support for elements involved in ongoing regional disarmament efforts. Also, PKO funds will supplement DoD funding of the U.S. European Command's (EUCOM) "SHARED ACCORD", a regional exercise program which seeks to enhance our mutual goals of sustainable crisis response capacity through better interoperability of forces. Through SHARED ACCORD, EUCOM will sponsor yearly sub-regional peacekeeping or disaster response exercises.

In FY 2001, PKO funds equipped and trained three Nigerian, one Senegalese, and one Ghanaian battalion to act as the spearhead for the UN's efforts to bring stability to Sierra Leone. In addition, PKO supported an ECOWAS peacekeeping exercise that enhanced the organization's planning and operational capabilities and demonstrated the clear potential for better crisis response on the part of West African militaries. Also, PKO funds provided logistics support (radio communications, combat meals) to the Guinean Army in support of their efforts to repel a Liberian-backed invasion of Guinean territory.

Military Health Affairs
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
FMF	0	0	2,000

The HIV pandemic is ravaging Africa, and its effects are especially pernicious in one of the continent's most prominent institutions, the military. African uniformed services lack basic health care systems and are estimated to carry HIV-positive rates twice that of the local populations. Compounding the deleterious effects of the military HIV vector is the fact that the governments in many sub-Saharan African countries often neglect to provide health care resources for uniformed services. Further, the international HIV/AIDS bureaucracy rarely addresses the problems inherent in the security sector. Among Western nations, the United States stands alone in offering a program for African military forces. Keeping African militaries healthy to protect the state and its citizens and to participate in regional and international peacekeeping operations is directly related to U.S. foreign policy goals. Keeping African military personnel who have benefited from U.S. technical training, International Military Education and Training (IMET), and other capacity development programs alive and productive for the duration of their careers is a wise investment.

Under provisions of the Leadership and Investment in Fighting an Epidemic (LIFE) Initiative, the Department of Defense (DoD) provided \$10 million in Health Care funds in FY 2001. DoD's role was limited to supporting training and education activities for sub-Saharan African militaries. The Naval Health Research Center in San Diego has been sending medical teams to sub-Saharan Africa as part of this two-year initiative. The teams assist with HIV prevention programs in 21 African militaries with the following objectives:

- Establish HIV/AIDS-specific policies for military personnel.
- Adapt and provide HIV prevention programs.
- Train military personnel to implement, maintain, and evaluate HIV prevention programs.
- Provide information/training to change high-risk HIV attitudes and behaviors among military personnel.
- Integrate and make use of other U.S. government programs and those managed by allies and the United Nations.

Early in 2001, the name of the Africa component of the program was changed to the Africa Initiative in Military Medicine (AIMM).

In FY 2002, \$14 million was appropriated to DoD for AIMM's HIV/AIDS training and education programs. The DoD appropriation does not include equipment such as laboratory and medical supplies, testing equipment, and rapid test field kits. FY 2003 FMF funds are required to procure equipment that will both complement and sustain the training initiative in African partner countries.

Countries in Transition
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
ESF	11,350	40,000	31,000

The Countries in Transition (CIT) program serves U.S. democracy and humanitarian interests by providing targeted, programmatic responses to the needs of countries moving from violent conflict to democratic rule, and countries that are in the process of consolidating democratic and/or economic reform. Through Economic Support Funds (ESF) for CIT, the United States seeks to assist democratic institutions, civil society, and economic development in key post-conflict countries as an enhancement to regional stability, while reducing the human cost and financial burdens of complex humanitarian crises.

Violent conflict represents one of the greatest threats to democratic reform and economic development in Sub-Saharan Africa. ESF/CIT funds provides an essential tool for the United States to respond quickly and flexibly to avert unexpected crises or engage tangibly in countries which are emerging from civil or political conflict or are in the process of consolidating democratic and/or economic reform.

In FY 2003, ESF/CIT funds will be vital to U.S. conflict resolution and stabilization efforts. As positive developments begin to unfold in the Great Lakes Region and Sierra Leone, the United States will be well positioned to make important, substantive contributions to such key needs as reintegration of former combatants, national political dialogue, civil society development, democratic civil-military relations, and key democratic institutional capacity-building initiatives. In recognition of this, \$7 million in FY 2003 ESF is projected for Sierra Leone and the West Africa region, and \$8 million for the Great Lakes area. Such programming will rely on important progress in the peace process, coordination with international donors and the United Nations, and full consultation with Congress.

The comprehensive peace agreement between Ethiopia and Eritrea is estimated to require approximately \$2 million in continued support from the United States in FY 2003. In combination with other U.S. assistance programs, ESF could make a significant contribution to sustaining peace in the Horn of Africa. Depending upon the outcome and timing of peace processes, and in consultation with Congress, an estimated \$10 million in FY 2003 ESF support for positive developments in Sudan will be another critical factor in the stability of the Horn of Africa.

Finally, a portion of FY 2003 ESF for CIT will be used to promote economic stability in key countries emerging from civil and political conflict, particularly in fragile democracies or countries undergoing a transition to democracy. Angola, for example, appears headed for late 2003 elections even as efforts continue to end the decades-old civil war there. An estimated \$2 million in FY 2003 ESF will be required to assist in this effort.

FY 2003 ESF/CIT funds will provide technical assistance, equipment, education, and financial support in order to help reintegrate former combatants, and strengthen national political dialogue, civil society development, democratic civil-military relations, and democratic institutional capacity-building initiatives. As necessary and available, funding can be used to strengthen judicial sectors in countries emerging from periods of unrest and civil strife (est. \$2 million).

Although regional conflicts continue to plague many parts of Sub-Saharan Africa, progress is being made. Agreements were reached with the Sudanese government and southern opposition representatives on three of the four points they were asked them to consider. Binding arbitration to resolve the long-standing Ethiopia-Eritrea border demarcation issue is moving forward. The United States continues to provide both

diplomatic and financial support to the Inter-Congolese Dialogue realizing that its success is an essential part of resolving the conflict in the Democratic Republic of Congo and restoring peace to the Great Lakes Region. We also support the Disarmament, Demobilization, and Reintegration (DDR) program being implemented in Sierra Leone that has already disarmed over 44,000 ex-combatants and set that country on the path to democratic elections. The United States is contributing funding for a Special Court to try those most responsible for violations of international humanitarian law during the conflict in Sierra Leone.

South African involvement in Burundi security is another success worth noting, as is former South African President Nelson Mandela's facilitation of the Burundi peace process. A regional summit was held in July 2001 at which regional leaders endorsed a transitional government for Burundi, which began in November 2001.

Regional Organizations
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
ESF	998	4,000	6,000

The United States would like to see all the African regional organizations make more progress in fostering regional economic and political integration. The goal of the Regional Organizations program is to provide technical assistance to such regional organizations as:

- Southern African Development Community (SADC);
- East Africa Community Treaty (EAC);
- Common Market of Eastern and Southern Africa (COMESA);
- Economic Community of West African States (ECOWAS);
- African Union;
- West African Economic and Monetary Union (WAEMU); and
- Intergovernmental Authority on Development (IGAD).

ECOWAS has been a key player in promoting regional stability and providing humanitarian response in West Africa. The United States should support other African regional organizations that are moving to do likewise in their particular regions. While ECOWAS has seen notable success in West Africa in the area of conflict resolution, it does not have a strong record of achievement in fostering sub-regional economic integration and is working to improve its performance in this area. However, a subset of eight ECOWAS members have formed WAEMU and made great strides toward economic integration. We hope to expand this cooperation to the rest of ECOWAS, as well as expand that organization as a whole.

On November 30, Kenya, Uganda, and Tanzania signed the East Africa Community (EAC) treaty, which may eventually include Rwanda and Burundi, to promote regional solutions to regional conflict, develop shared resources, and help form a trading bloc. Efforts by these and other regional organizations require and deserve U.S. support.

The COMESA has made significant progress toward dismantling barriers and lowering tariffs among its members and moving toward a free trade area. The United States wishes to support this progress and facilitate COMESA's expansion, as well as assist in developing its Court to adjudicate trade disputes. We will also continue assisting COMESA in its efforts to harmonize the telecommunications regimes of its members.

The SADC allocation of FY 2003 Regional Organizations funds will be used, as in past years, to support U.S.-SADC Forum initiatives. These initiatives will continue to be focused on three major objectives: strengthening SADC capacity to promote regional stability and conflict resolution; supporting regional economic integration and expanded trade between the United States and the SADC region; and countering transnational threats, such as international terrorism, HIV/AIDS, and arms and narcotics trafficking. Specific projects for FY 2003 funding will include support for the ongoing reorganization of the SADC Secretariat and establishment of the SADC Organ Secretariat, and continued support for SADC's efforts to

improve its regional disaster management capability and improve management of transboundary natural resources and to strengthen multiparty democratic institutions.

Specifically, we will use FY 2003 Regional Organizations ESF to strengthen the institutional capacity of the organizations themselves and to help them design the kinds of initiatives and programs that will contribute to regional and global economic integration, especially to opening markets and harmonizing tariff structures. Adherence to World Trade Organization standards, and customs, border, and financial sector reforms that promote integration are some of the goals that will be pursued.

Safe Skies
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
ESF	4,995	3,000	8,000

The Safe Skies for Africa (SSFA) initiative will benefit U.S. economic prosperity, improve law enforcement, and increase the safety and security of airline passengers, including U.S. citizens. SSFA will also encourage economic integration and growth and facilitate the expansion of aviation links, thereby expanding opportunities for business travel and tourism. Africa's enhanced participation in the global economy will lead to an increase in U.S. exports and promote regional stability. In addition to better aviation security, improved passenger and baggage screening will also limit narcotics trafficking and weapons smuggling.

SSFA recognizes that aviation safety and airport security are prerequisites for African economic development. They will contribute to increased trade and investment between the United States and Africa. With the overarching goal of increasing the number of African nations meeting International Civil Aviation Organization (ICAO) standards, Safe Skies has four components:

- Economic development;
- Combating international terrorism;
- Promoting U.S. exports; and
- Combating illegal drug and contraband smuggling.

In 2000 and 2001, SSFA interagency teams composed of representatives from the Department of Transportation (DOT), the Federal Aviation Agency (FAA), the Department of Defense, the Drug Enforcement Agency, the Immigration and Naturalization Service, and the U.S. Customs Service surveyed airports in eight of the nine SSFA countries and prepared detailed reports that are being used as roadmaps for reaching ICAO standards. The SSFA teams worked with aviation officials from these SSFA countries to begin implementing the SSFA recommendations. Follow-on site visits were also included.

The current nine Safe Skies countries are Kenya, Tanzania, Cape Verde, Angola, Cameroon, Namibia, Mali, Zimbabwe, and Cote d'Ivoire. SSFA activities in Cote d'Ivoire are currently suspended until sanctions as mandated by Section 508 of the Foreign Assistance Act prohibiting foreign assistance are waived or removed. It is expected that by the end of FY 2002, two of the nine SSFA will attain FAA Category I status. Category I indicates that a country's civil aviation authority has been found to license and oversee air carriers in accordance with ICAO safety standards. A country must have a Category I rating before it can begin or add direct flights to the United States. Based on future DOT/FAA recommendations, Safe Skies may also invite additional countries to participate. (Nations being considered include Mozambique, Botswana, Gabon, Benin, Uganda, and Mauritius.)

The tragic events of September 11 have forced the Department of State and its implementing partner, the Department of Transportation, to review the priorities of the Safe Skies program. State and DOT agree on the need to retain the goal of increasing the number of African nations meeting ICAO standards on both safety and security. This will allow more African airlines to fly international routes and support the goal of integrating Africa into the global economy. However, both departments recognize the urgency of improving passenger and baggage management and screening to prevent terrorist incidents. Aviation

security in Africa has been described as the “soft underbelly” of the world aviation security system. Therefore, based on FAA security surveys, the Safe Skies program will be supplying x-ray, bomb detection, and other similar equipment to current SSFA nations and proposes to initiate limited SSFA programs in Ghana, Senegal, Uganda, Mozambique, Ethiopia, and The Gambia.

SSFA also promotes U.S. exports by bringing together U.S. industry and African Civil Aviation authorities on a specific and regional basis. This is usually done in cooperation with the U.S. Trade and Development Agency and is an effective and productive means of educating U.S. companies on the potential commercial opportunities presented by Safe Skies. For example, in February 2001, Safe Skies brought together aviation officials from Kenya, Tanzania, Namibia, and Cape Verde to pitch a wide range of aviation related projects to a group of 50 U.S. vendors that included representatives from Northrop Grumman and Raytheon Systems. These projects had been identified earlier by Safe Skies inspectors as requirements or deficiencies that needed to be corrected to meet ICAO or FAA standards. The projects ranged from communication and navigation upgrades to search and rescue training and equipment. The total cost for all the projects is estimated at over \$25 million.

Also in FY 2003, implementing partners DOT and FAA envision establishing Regional Training Facilities in one or more of the designated Safe Skies countries. Such facilities will support the near-term goal of providing training in a more cost-effective manner. Longer term, such facilities will continue to serve the African nations and promote aviation safety after the U.S.-funded Safe Skies program has ended. It is the U.S. goal to establish these Regional Facilities as self-sustaining operations. That is, once they are established, with a U.S. contribution, the host African nations will finance their future operations.

The Safe Skies program aims to support economic development (expanding tourism, facilitating business travel, and increasing air cargo and trade opportunities), to increase U.S. exports (commercial opportunities for U.S. companies in engineering and construction, aviation safety and security equipment, and consulting), to combat international terrorism through improved passenger and baggage screening, and to curtail trafficking of illegal drugs and contraband.

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EAST ASIA AND THE PACIFIC

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Burma
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
CSD	2,000	0	0
DA	993	0	0
ESF	3,492	6,500	6,500

Burma, strategically placed between China and India in Southeast Asia, remains of continuing concern to the United States. The United States has three primary interests in Burma: promoting democracy, supporting human rights and religious freedom, and furthering effective counter-narcotics efforts. The Economic Support Funds (ESF) earmarked for Burma are keyed toward the first two national interests.

Since 1962, Burma has been ruled by a military junta, the State Peace and Development Council (SPDC), that has suppressed any form of dissent and presided over a significant deterioration of the country's economic and social performance. In 1990, the military regime set aside the results of Burma's last fair and free elections, imprisoned hundreds of democracy activists, and placed Aung San Suu Kyi, the Nobel prize-winning leader of Burma's pro-democracy forces, under de facto house arrest. ESF funds develop the capacity of the Burmese people to prepare for and manage the eventual transition to a democratic society in a participatory, transparent, and accountable manner. U.S. government assistance also maintains pressure on the SPDC to engage in meaningful dialogue with the democratic opposition leading toward a peaceful transition to civilian rule; in 2001, the regime finally initiated a confidence-building process with Aung San Suu Kyi and the democratic opposition.

ESF funds also target the ethnic populations which have been expelled from Burma as a result of the regime's brutal military campaigns. U.S. government assistance provides critical aid to the growing number of refugees and displaced persons living inside Burma and along Burma's borders in neighboring countries, particularly Thailand. Such assistance helps ethnic populations maintain their cultural identities, build and strengthen grassroots democratic institutions, and maintains pressure on the SPDC to improve its human rights record and cease persecution of religious and ethnic minorities.

Cambodia
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
CSD	9,420	15,000	0
DA	0	0	22,500
ESF	14,967	20,000	17,000
IMET	0	0	200
NADR-HD	2,469	2,290	3,020
P.L. 480 Title II	2,422	0	0

Promoting peace, stability, and democratic development in Cambodia are essential to the region's stability in the wake of 30 years of war and Khmer Rouge genocide. As a participant in the 1991 Paris Peace Accords on Cambodia, the United States, other signatories, and concerned members of the international community continue to have an interest in Cambodia's national reconciliation and reconstruction. A central task is to nurture democratic development in this impoverished nation, which has barely begun to establish democratic processes and institutional reforms, and still lacks human capacity and resources. The level and nature of our assistance program depends on the Cambodian government's progress towards democracy and respect for human rights; a credible Khmer Rouge tribunal could contribute to that progress. With a few exceptions, current legislative restrictions do not permit funds from the Foreign Appropriations Act to be used to aid the central government of Cambodia.

Since 1997, assistance to Cambodia has been funneled exclusively through non-governmental organizations (NGOs) and international organizations. Legislative exceptions in FY 2002 included basic education, HIV/AIDS programs, Leahy war victims programs, and efforts to combat human trafficking. Program areas include assistance to organizations engaged in democracy building and strengthening civil society, health care needs such as maternal/child health, HIV/AIDS prevention, basic education, anti-trafficking, and humanitarian demining and aid to mine victims.

U.S. support will assist NGOs working specifically in the area of human rights and creation and protection of democratic institutions. Organizations receiving U.S. assistance address such issues as domestic violence, legal education, labor rights, government transparency, rights of women in society, rule of law training, corruption and public accountability, an independent press, and legal assistance to the poor. Cambodian NGOs that helped plan, monitor, and implement Cambodia's first-ever local elections in February 2002 will focus their efforts on parliamentary elections in 2003. With Congressional approval, we would use Economic Support Fund (ESF) to support their national election programs, including educating voters, supporting candidate debates, and training domestic election monitors. An overall goal of the programs is to strengthen civil society, to provide for checks and balances on a strong executive, and enhance government accountability. We would also seek to find ways to make the Documentation Center of Cambodia, an archive of the Khmer Rouge genocide, a self-sustaining entity.

International assistance is vital to Cambodian efforts to remove what is estimated to be as many as one million land mines and 2.5 million pieces of unexploded ordnance. It is conservatively estimated that, at the current rate of demining, it will take 20 years to reach a "mine safe" condition. Cambodia is among the top five nations in the world for the number of landmine victims, with over 800 casualties per year. The U.S. contribution to the humanitarian demining program is administered through grants to the United Nations and NGOs. A Department of Defense (DoD) ancillary training cycle for Cambodian deminers will occur within the next year.

If present trends continue, Cambodia's population will double in 25 years. ESF funds will be used for health education programs to reduce Cambodia's high birth rate, lower infant and maternal mortality rates (among the highest in Asia), and reduce the high rate of death from preventable diseases, including HIV/AIDS. The Reproductive and Child Health program provides services to over 120,000 women and children each year and has doubled contraceptive use in the last five years. USAID will also administer Development Assistance (DA) health programs that address HIV/AIDS prevention and reproductive and maternal and child health. A main objective is to increase HIV/AIDS and family health services.

The United States joined a number of international donors to train primary school teachers in the early 1990s but ceased such assistance in 1997. We plan to rejoin this ongoing, well-received program to focus on educating the next generation of Cambodians, improve literacy rates, and enhance primary school completion, especially for young girls, two thirds of whom never complete grade school. In the social sector, U.S. assistance to NGOs, international organizations, and to the Ministry of Women's Affairs will assist programs to combat human trafficking and assist the victims, mainly women and children.

International Military and Training (IMET) funds will be used for human rights and rule of law training to help professionalize the Royal Cambodian Armed Forces, if the political situation in the country allows and restrictions are lifted. Funds would also be used to provide training to officers, which would help them contribute to regional stability and play an effective role in transnational law enforcement issues (narcotics, human trafficking, and protection of land and natural resources). We would also use IMET training in civil-military relations, military justice, and human rights to help younger officers better understand democratic concepts.

Cambodia will be eligible to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act in FY 2003. Provision of EDA will support humanitarian assistance efforts to include demining. As a matter of policy, resumption of IMET and provision of EDA are subject to the lifting of restrictions against Cambodia.

China Rule of Law
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
ESF	0	5,000	5,000

Cooperation between the United States and China is vital to regional security, prosperity, and peace. China plays a key role in East Asia regional security and, through its permanent membership in the United Nations Security Council, in the security of other regions as well. Fostering rule of law and good governance in the People's Republic of China (PRC) is directly related to these national interests. The drive to sustain economic growth, coupled with increased social tension, has resulted in debates about the need to develop independent and professional political and legal institutions, the importance of involving the citizenry in governance and policy formulation, and the relationship between the state and society. This rule of law programming channels resources, training, and support to reformers focused on democracy, human rights, and rule of law.

EAP's FY 2003 request will be used to expand the development of the rule of law in China by funding education and training for Chinese legal professionals and supporting reform of laws, procedures, and institutions. U.S. involvement in promoting rule of law development will increase rules-based economic development and promote respect for individual rights and democratic principles. This assistance will enable the U.S. Government to share U.S. legal expertise to bring about reform of laws, legal institutions, and legal procedures reflecting greater degrees of openness, transparency, and accountability.

Grants to NGOs, academic institutions, and legal experts will support a set of technical assistance programs that includes but is not limited to: (1) building capacity of Chinese legal aid clinics for the poor; (2) supporting election law reform; (3) training village officials; (4) supporting legislative and administrative reform to incorporate public input into law and regulation drafting; (5) building capacity of Chinese lawyers to play a positive role in upholding labor, consumer protection, and environmental laws; (6) creating bilateral working groups on substantive areas of law; and (7) sharing U.S. legal expertise to promote World Trade Organization compliance (through case studies and basic training).

East Timor
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
ESF	24,945	25,000	19,000
FMF	1,796	1,000	2,000
IMET	0	50	100
PKO	8,500	8,000	5,000

The United States has important political and security interests in East Timor. In May 1999, the UN Assistance Mission to East Timor (UNAMET) was authorized to assist with the consultation (voting) process to determine the status of East Timor. In August 1999, the East Timorese voted against remaining part of Indonesia, an event which was unfortunately followed by rampant destruction and violence by forces opposing independence. The UN Security Council authorized an Australian-led multinational military force (INTERFET) in September 1999, and established the UN Transitional Administration in East Timor the following month to guide East Timor's transition to independence. INTERFET handed over responsibility for peacekeeping to UNTAET in February 2000. Since 1999, UNTAET has restored stability in East Timor and worked closely with the East Timorese to establish democratic governmental institutions in preparation for the territory's transition to full independence by May 20, 2002. The United States intends to continue to help the East Timorese in this transition with assistance aimed at humanitarian relief, reconstruction, institutional development, capacity-building, and economic recovery. Our goal is the emergence of a viable, democratic East Timor that is integrated politically and economically into regional and global structures and markets. For democracy, rule of law, and stability to permanently take hold in East Timor, the United States must continue to support the development of stable political and economic infrastructure in East Timor.

The most pressing need in securing East Timor's emergence as a viable democracy is maintenance of peace and stability. In FY 2002, the United States is contributing 80 police officers to the civilian police (CIVPOL) component of UNTAET, which is responsible for law enforcement functions while training the new 2,600-member East Timor Police Service (ETPS) to assume permanent responsibility for these functions. The United States is also supporting two advisors to the Office of Defense Force Development (ODFD). In addition, the United States is providing direct support to assist UNTAET efforts to train ETPS in investigations, supervision techniques, and civil disturbance management. In FY 2003, Peacekeeping Operations (PKO) funds will be needed to continue a voluntary U.S. contribution to CIVPOL, during which time CIVPOL will continue to downsize as it transfers law enforcement responsibilities to the ETPS in a phased process.

The establishment of East Timor as a new, viable democracy will require substantial institution building. ESF funds will support development of East Timor's civil society, democratic, and economic institutions by promoting the formation of NGOs to develop institutions critical to democratic governance, including effective political institutions, independent advocacy centers for human and labor rights, and a free press. Other programs will assist in the development of an independent judiciary and support training of the ETPS. Crucial to East Timor's long-term viability is restoration of its infrastructure and the creation of a healthy, sustainable economy. To achieve this, ESF funds will be directed toward rebuilding the fundamental physical elements of the economy, such as schools and roads, and to stimulating sustainable growth in East Timor's established industries while exploring new opportunities. Another goal is to establish prosperous trade ties with other nations in the region and the world that will integrate East Timor economically with the community of nations. To promote trade and combat unemployment, ESF is being used to develop coffee growing and other specialized agricultural products. The program aims to mentor

farmers to allow them to assume increasing management control of the program. The program currently includes 18,000 farm families with a goal of eventually including 24,000 families.

East Timor is in the process of standing up a modest East Timor Defense Force (ETDF) of 1,500 active duty and 1,500 reserve personnel to meet East Timor's security needs. Although East Timor's security will ultimately depend on good relations with neighboring countries, the new nation will need an ETDF with basic equipment for defense, support, communication, and transportation. Foreign Military Financing (FMF) will help assure establishing an appropriately equipped force by facilitating the acquisition of non-lethal basic soldier equipment. The ETDF will need training for its new officers and funds for a small International Military Education and Training (IMET) program have been included as well. Following independence and approval of a Presidential Determination in FY 2002 on East Timor's eligibility to purchase defense articles and services from the U.S. Government, East Timor would be eligible in FY 2003 to receive Excess Defense Articles (EDA) under Section 516 of the Foreign Assistance Act. EDA will support the U.S. objectives of supporting East Timor's self-sufficiency, disaster management, and humanitarian assistance relief, as well as of developing a professional, effective defense force.

Indonesia
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
CSD	19,580	35,568	0
DA	51,483	38,704	71,472
ESF	49,890	50,000	60,000
IMET	0	400	400
P.L. 480 Title II	12,233	4,831	10,244

As the world's largest Muslim majority nation, Indonesia's cooperation is vital in the war against terrorism. The United States has important security, political, economic, commercial, and democracy interests in Indonesia. Indonesia's strategic location, size (fourth largest population in the world), and natural resources give it broad strategic value. A unified, prosperous, and democratic Indonesia is key to Southeast Asian and regional stability. Indonesia is undergoing a wrenching transition from the authoritarianism of the Soeharto era to a more democratic society. It faces grave challenges in fighting corruption and establishing the rule of law. It is in the U.S. interest to see it continue this transition, as well as undertake the economic structural reforms that will help restore economic growth and further Indonesia's integration into the global economy. The United States has important strategic and commercial interests in access to internationally recognized sea-lanes and straits in Indonesian waters.

In FY 2003, Development Assistance (DA) will be used primarily to help the Government of Indonesia (GOI) and Indonesian NGOs develop institutions critical to democratic governance, including impartial electoral structures, an independent and transparent judiciary, independent advocacy centers for human rights, labor unions, and a free press. Progress is measurable: Indonesia's civil society is blossoming, the press is free, the police have been separated from the military, and the Parliament has enacted significant legislation aimed at a more democratic electoral framework and devolving many powers from the central to the local level. Decades of authoritarian rule, however, stunted the development of political and judicial institutions, and much education and development remain to be accomplished before effective governance becomes the norm. A portion of DA funding and social safety net assistance will continue to be focused on projects to stabilize population growth, fight AIDS, improve child nutrition, and contribute to the overall long-term health and welfare of the Indonesian people.

Economic stability in Indonesia is important for its future. The United States will use Economic Support Funds (ESF) to back the IMF-directed economic stabilization and structural reform program for Indonesia, which provides a framework for the country's return to durable broad-based economic growth. USAID, supported by the Department of the Treasury, will use DA funds for technical assistance and training in micro-enterprise, economic growth projects, and agriculture, generating trade opportunities for U. S. exporters and helping to ensure fair treatment for American businesses.

The E-International Military Education and Training (IMET) program is currently available only for civilians in Indonesia because of military human rights abuses during Indonesian control of East Timor. We will use E-IMET for civilians in FY 2003 in order to promote broader civilian control and oversight of the Indonesia Armed Forces. Any expanded military-to-military cooperation with Indonesia is contingent on improving human rights practices and accountability for past abuses. Presidents Bush and Megawati agreed that the United States could help Indonesia improve its counterterrorism capabilities. They also stated their intent to expand cooperation to combat other transnational crimes, including piracy, organized crime, trafficking in persons, narcotics, and smuggling of small arms. The plan for achieving these goals has not yet been determined, but the Administration will continue to consult with Congress on any changes in our military-to-military cooperation with Indonesia.

Laos
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
CSD	0	1,000	0
DA	0	1,000	2,000
IMET	0	50	100
INCLE	4,200	4,200	3,000
NADR-HD	993	1,328	1,200

U.S. interests in Laos center around counter-narcotics, resolving residual issues from the war in Southeast Asia, which still hinder bilateral relations, and efforts to counter global terrorism.

Laos, one of the ten poorest countries in the world, is slowly moving away from a command economy toward a more market-based approach. It has joined ASEAN, broadened its foreign relations, and seeks to improve its ability to deliver services to Lao citizens and improve basic social welfare. Laos is a major opium producing country, increasingly an important drug-transit point, and is facing a rapidly growing problem with methamphetamine usage. More than 400 Americans remain missing in Laos from the Vietnam War period, and unexploded ordnance continues to wound and kill a significant number of Lao citizens and inhibit efforts to expand agriculture and infrastructure. Following the attacks on September 11, the Lao Government reversed its position and approved the State Department's long-standing request to post a regional security officer at Embassy Vientiane. The Government of Laos has issued an assets freeze order, has publicly supported U.S. actions in the war against terrorism despite our a lengthy history of political disputes, and has accelerated its consideration of ratification of remaining international anti-terrorism conventions.

For FY 2003, funding would be straight-lined for Developmental Assistance (DA), which now also includes funding for child survival and health programs. This assistance will be made available only through non-governmental organizations to address basic human needs. The DA request will continue a recent program that aims to broaden income-generating opportunities for poor families via production, processing and sale of raw silk and lessen the attractiveness of opium cultivation. The program focuses on areas of Laos that were intensively bombed during the war period. The request will expand U.S. efforts in this area, including HIV/AIDS prevention programs.

The FY 2003 request for Humanitarian Demining programs (under the NADR account) continues U.S. support to clear unexploded ordnance in portions of Laos that were heavily bombed during the war. Over time, the emphasis of U.S. funding is changing from direct equipment support to donations to the UN Development Program trust fund established to continue the demining programs.

The FY 2003 request for International Military Education and Training (IMET) will support POW/MIA accounting efforts through English-language training programs to Lao involved in Joint Task Force (JTF) activities. This assistance should increase the ability and speed of communications between U.S. and Lao personnel, and thereby the efficiency of JTF activities.

Laos will be eligible to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act in FY 2002. Grant EDA items, including communications equipment and transportation assets, will support U.S. counter-narcotics goals, the fullest possible accounting of missing personnel from the war in Southeast Asia, and demining.

International Narcotics Control and Law Enforcement (INCLE) funding will provide for counter-narcotic measures. The principal activity is a crop control and alternative development project in Phongsali Province. In addition, the funding will assist the Lao government to train, maintain, and expand special Counter-narcotics Units of the police and assist demand reduction projects to treat addicts and perform public outreach against drug use.

Malaysia
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
IMET	757	700	800
NADR-EXBS	121	150	300

Malaysia has been a cooperative partner in the global campaign against terrorism. In FY 2003, the United States will want to continue and broaden counterterrorism cooperation with Malaysia, one of the key Muslim states in the region, both bilaterally and in multilateral fora such as the Association of Southeast Asian Nations (ASEAN) and the ASEAN Regional Forum (ARF). Beyond our cooperation in the fight against terrorism, the United States and Malaysia share other, longstanding and important economic, political, and security interests. Malaysia is among our top 15 trading partners and continues to be an important market for U.S. goods and services. The United States also has a strong interest in supporting the strengthening of democratic institutions in Malaysia. Malaysia is an active member of ASEAN and a moderate member of the Organization of Islamic Conference (OIC). A supporter of the U.S. forward presence in Asia, Malaysia borders one of the world's most important maritime waterways and routinely grants the United States military transit rights over Malaysian territory and access to Malaysian ports and airfields.

International Military Education and Training (IMET) funds will be used to contribute significantly to regional stability by strengthening our military-to-military ties and familiarizing the Malaysian military with U.S. doctrine, equipment, and management techniques. IMET will also reinforce the Malaysian military's commitment to human rights and good civil-military relations and help expand our access to and cooperation with Malaysian military leaders. Malaysia has been active in multinational peacekeeping operations, which necessitate training that promotes interoperability. Malaysia is also engaged in training that will improve the military's ability to combat narcotics trafficking and money laundering operations.

IMET funds for Malaysia have resulted in additional benefits, such as the formation of good working relations with the Malaysian military. The Malaysian military shares our fundamental values about the military's role in society, and military-military and civilian-military cooperation is broad, open, and active. Participation in IMET is highly valued by the Malaysian military, and IMET graduates continue to advance steadily. Malaysia's Chief of Army is a 1986 graduate of the U.S. Army Command and General Staff College in Fort Leavenworth. Exposure to U.S. ideals promotes respect for human rights throughout a key branch of Malaysia's government; the Malaysian military has not been involved in systematic violations of human rights. IMET will also enhance Malaysia's ability to participate in international peacekeeping activities. Malaysia has 60 observers, 102 police, and 36 troops, for a total of 198 personnel, contributing to UN peacekeeping operations. For example, in Bosnia (UNMIBH), Malaysia has 41 police; in Kosovo (UNMIK), Malaysia has 1 observer and 47 police; and in East Timor (UNTAET), Malaysia has 16 observers, 12 police, and 20 troops. We expect Malaysia to continue participating in future peacekeeping operations as its financial situation permits.

Although the global financial crisis slowed Malaysia's military procurement plans in the late 1990's, we expect Malaysia to look to the United States for future purchases as economic recovery continues.

Malaysia will be eligible in FY 2003 to receive Excess Defense Articles (EDA) under Section 516 of the Foreign Assistance Act. EDA will support the U.S objectives of maintaining a stable and cooperative military relationship and improving Malaysia's peacekeeping capabilities. As an identified Level I country for the development of enhanced international peacekeeping capabilities, Malaysia requires communications systems, training aids and equipment, and items that will increase interoperability.

Malaysia is also a rapidly developing transshipment point without effective controls on transfers of sensitive materials and technologies. Nonproliferation, Anti-terrorism, Demining, and Related Programs (NADR) funds will provide export control assistance to strengthen Malaysia's ability to control, detect, and interdict such transfers, particularly transshipments, which could contribute to weapons proliferation.

Mongolia
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
ESF	11,974	12,000	12,000
FMF	1,995	2,000	1,000
IMET	750	650	725
Peace Corps	1,460	1,816	1,678

As the first communist country in Asia to reform its economy and political system, Mongolia provides an important example of democratization to all of Asia. The United States has a clear national interest to support Mongolia's transformation into a secure, democratic, and stable country that can contribute to the security and prosperity of the Asia Pacific region. U.S. assistance is fostering Mongolia's transformation to a market-oriented democratic society. It is in the U.S. interest to provide support for projects that will enhance Mongolia's ability to act responsibly and independently in the regional economy and participate in regional fora that address security, narcotics, transnational crime, environmental protection, and other important issues.

U.S. assistance to Mongolia is helping to establish a market-oriented and democratic society by accelerating and broadening environmentally sound private sector growth, with a particular focus on bringing change to rural areas, and consolidating Mongolia's democratic transition. Mongolians are committed to the development of democracy and a market economy, and the government continues to pursue aggressive reforms. The government's reform policies have focused on sound macroeconomic management of the economy and key issues in the banking, power, and pension sectors.

U.S. assistance is contributing to sustainable economic growth through Economic Support Fund (ESF) programs targeted at market and agricultural development, human capacity development, and democratic institution building. U.S. assistance is helping to overcome obstacles to growth, which include undeveloped transportation and energy supply systems, inefficient public and state-run institutions, inadequate judicial and enforcement services, and inexperienced civil society organizations. Under the economic growth program, U.S. assistance is funding programs to: (1) transfer productive assets to the private sector; (2) increase the efficiency of the banking sector and financial markets; (3) improve the business environment and promote competitiveness; (4) improve the management of natural resources; and (5) promote rural sector sustainable development addressing land use, private agriculture, and herder management issues. The successful implementation of these programs will lead to longer-term banking sector, tax policy, administration, regulatory debt management, and rural sector reforms. Under the democracy program the United States will use funds to help to strengthen rural civil society and to improve the effectiveness of the parliament and the judiciary.

Mongolia must be able to protect and maintain its own borders with Russia (over 2,400 miles long) and with China (over 3,000 miles). The Foreign Military Financing (FMF) request will enable the completion of the FMF-funded communications upgrade project, which will greatly enhance Mongolia's ability to deal with transborder issues, including smuggling and drug and illegal goods trafficking. These issues are among Mongolia's most critical security concerns since they hold the potential to disrupt the stability of the currently democratic government.

Civilian control of the military, military justice, respect for international human rights standards, and preparation for participation in peace-keeping operations are promoted by International Military Education and Training (IMET) for Mongolia's Armed Forces. Such education is essential if Mongolia's military is to continue to move away from Soviet-era military doctrine, policy, and procedures. In FY 2003, E-IMET

programs will be increased to train senior leadership and assist in the program of military reform and restructuring. FY 2003 programs will focus on force structure, civilian control of the military, civilian oversight of the military budget, and drafting democratic defense legislation. These programs, enthusiastically attended by Mongolian personnel at all levels, will help develop a friendly and capable coalition partner, fully interoperable with U.S. forces.

Mongolia will be eligible to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act in FY 2003. This grant EDA will be used to support its transition to democracy; to improve its self-sufficiency, disaster management, and humanitarian assistance/relief; and to promote closer ties to the U.S. military. Mongolia was approved for grant transportation of EDA; without grant transportation, EDA is cost-prohibitive for Mongolia.

Papua New Guinea
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
IMET	160	200	240
Peace Corps	816	0	0

U.S. national interests in Papua New Guinea (PNG) derive from our overarching interest in regional stability and from PNG's status as home to one of the world's last large remaining tropical rain forests. PNG is the largest and most populous island nation in the South Pacific and neighbor to the troubled Indonesian province of Irian Jaya. U.S. interests include strong democratic institutions, development of disaster relief capabilities, peaceful transition from civil strife to rule of law in Bougainville province, a free enterprise economic system, and PNG's stewardship of diverse natural resources. The benefits of a stable, lawful, and prosperous PNG include reduced prospects of human rights violations, environmental degradation, and international organized crime.

In Bougainville, the former belligerents are working to establish a government of reconciliation under unarmed regional peace monitors and a small UN observer mission. The PNG armed forces retain a small presence in Bougainville, and their cooperation will be necessary for any lasting settlement on the island. The recent mutiny of a small contingent of the army highlighted the need for enhanced training. Continuing International Military Education and Training (IMET) programs will help build a more professional and better-disciplined PNG Defense Force (PNGDF), enhance PNGDF ability to patrol the long border with Indonesia, and improve PNGDF capability to monitor and detect illegal fishing and to apprehend persons and vessels engaged in such fishing. IMET provides professional education and training to the PNGDF with emphasis on human rights, civil-military relations, rule of law, and military justice. English language training contributes to the latter goal and offers increased ability and opportunities for fruitful interaction with the U.S. military.

PNG will be eligible in FY 2003 to receive grant Excess Defense Articles (EDA) under Section 516 of the Foreign Assistance Act. Grant EDA for PNG will support U.S. objectives of more professional and effective forces and will enhance PNGDF capability to remove and neutralize unexploded ordnance in Bougainville and at WW II sites throughout the country. Transportation, demining, training aids, and patrol craft are desired.

Philippines
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
CSD	9,450	25,599	0
DA	30,334	24,459	50,659
ESF	3,991	21,000	20,000
FMF	1,995	19,000	20,000
IMET	1,436	2,000	2,400
Peace Corps	1,843	2,436	2,082

The United States has important security, commercial, and political interests in the Philippines, a treaty ally that straddles important air and sea lanes. The Philippines has vigorously supported the international anti-terrorism coalition and is working closely with the United States to enhance its counterterrorism capabilities. Committed to democratic principles, the Philippines is an important force for regional peace and security and an active member of the Association of Southeast Asian Nations (ASEAN) and the ASEAN Regional Forum (ARF). The Philippines has taken a leadership role in promoting a regional ASEAN anti-terrorism approach. Under the 1999 Visiting Forces Agreement (VFA), the Philippines and the United States have strengthened bilateral security relations and have worked together to bolster Armed Forces of the Philippines (AFP) capabilities. U.S. assistance will assist President Gloria Macapagal-Arroyo's progressive national agenda, including combating corruption, accelerating economic liberalization, and promoting national reconciliation, particularly in Mindanao. It will also support structural reforms to increase the Philippines' strength as a market for U.S. investments and exports.

Foreign Military Financing (FMF) will contribute to improving the military capabilities of our treaty ally in line with increasing cooperation under the VFA. A large initial outlay is needed to prevent further deterioration of essential AFP capabilities and reverse years of logistical neglect, with an emphasis on fundamental operations and maintenance tasks to bolster basic sustainability of key AFP assets rather than new acquisitions. Virtually all FY 2003 spending would be on spare parts for equipment, overhauls and upgrades, programmed depot maintenance, and improving logistics. The Philippines will be eligible in FY 2003 to receive Excess Defense Articles (EDA), which will also support U.S. objectives of increased interoperability and standardization within the AFP as well as improved participation in peacekeeping operations.

International Military Education and Training (IMET) will support this FMF approach. Funds will concentrate on improving the AFP's professionalism, discipline, and commitment to human rights. In past years, IMET training helped to encourage civilian control over the military, leading to a decline in the number of reported incidents of human rights abuses. IMET graduates who populate top AFP ranks have actively promoted close professional U.S.-AFP military-to-military relations.

Economic and Support Funds (ESF) will help the new administration implement its peace initiative in Mindanao and fund the transition of Muslim separatist guerilla fighters to peaceful pursuits, such as farming. Most of it will go into programs that maximize the economic benefits of the earlier 1996 Peace Agreement with the Moro National Liberation Front, strengthen the administration of the Autonomous Region of Muslim Mindanao, and support outreach to other Muslim separatist groups. The rest will fund anti-corruption programs to improve governance in Mindanao's cities and reduce anti-competitive investment barriers. Development Assistance (DA) programs will support wider participation in public policy and development of civil society. DA will also support child health and family planning, as well as programs to counter the spread of AIDS.

Nonproliferation, Anti-terrorism, Demining, and Related Programs (NADR) funds will strengthen Philippine law enforcement counterterrorism capabilities. NADR/ATA-funded courses on the financial underpinnings of terrorism and anti-money laundering assistance have proven greatly beneficial to Philippine legal, judicial, and political authorities. FY 2003 courses for Philippine authorities will continue in these and similar areas.

Samoa
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
IMET	88	120	120
Peace Corps	1,262	1,252	1,277

U.S. national interests in Samoa grow out of our national security interest in regional stability. The United States strives to maintain close ties with Samoa, which is a consistent supporter of U.S. positions internationally. Samoa is also a close neighbor of the U.S. territory of American Samoa, with which it has long-standing family and cultural ties. Other interests include encouraging broad-based economic growth, supporting improved capacity to protect the island's environment and natural resources, and educating the public on health issues.

International Military Education and Training (IMET) supports the U.S. objective of helping Samoa develop an effective maritime law enforcement and surveillance capability. Training in basic coastal surveillance and seaborne law enforcement skills is carried out in accordance with U.S. leadership doctrines, emphasizing civilian control. Department of Defense/Coast Guard resources contribute to broad-based economic growth in Samoa by assisting Samoa's maritime police patrol to strengthen enforcement of their maritime Exclusive Economic Zone and to improve safety in Samoa's fishing fleet.

IMET programs for Samoan military and civilian medical personnel aim to help the Samoan Department of Health better manage scarce resources and improve the overall quality of health care in Samoa. IMET training has also helped Samoan police officers participate more effectively in the UN sponsored peacekeeping force in East Timor, which Samoa joined in 2000. This was the first time that Samoa made a contribution to a peacekeeping force. There is no doubt that the training provided under IMET helped contribute to Samoa's readiness.

Samoa is eligible in FY 2003 to receive Excess Defense Articles (EDA) under Section 516 of the Foreign Assistance Act. EDA will assist Samoa in developing an effective maritime law enforcement capability and enhance interoperability with U.S. DoD and Coast Guard forces.

Solomon Islands
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
IMET	62	150	150
Peace Corps	50	23	23

In the interests of regional security, economic prosperity, and reduced threats of conflict or environmental degradation, U.S. assistance to the Solomon Islands focuses on strengthening the nation's capabilities to secure its maritime borders, encouraging its democratic institutions, and preserving its biodiversity.

U.S. IMET training assists the country to strengthen the discipline of its security forces and develop an effective maritime reconnaissance force. Training in basic coastal surveillance and seaborne law enforcement skills help guarantee that the 1997 Solomons-Papua New Guinea border agreement continues to be honored. It also increases the country's ability to maintain control of its own fishery resources.

The Solomon Islands will be eligible in FY 2003 to receive grant Excess Defense Articles (EDA) under Section 516 of the Foreign Assistance Act. Grant EDA will support U.S. objectives of the Solomons' achieving more professional and better disciplined security forces and effective maritime law enforcement and surveillance capability, as well as the capability to remove unexploded ordnance from World War II. Transportation, demining, training aids, and patrol craft are desired.

Thailand
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
CSD	0	1,000	0
DA	0	750	3,250
FMF	0	1,300	2,000
IMET	1,852	1,650	1,750
INCLE	4,095	4,000	3,750
NADR-EXBS	30	70	50
NADR-HD	1,270	650	0
Peace Corps	1,144	1,446	1,344

The United States has important political, economic, strategic, and security interests in Thailand. As a stable democracy in a tumultuous region, Thailand serves as both a model for development and democratization and a useful base of operations for our programs and activities in Southeast Asia. In addition, Thailand plays a valuable role as a responsible regional actor. Thai troops and officers make up a substantial part of the UN Transitional Authority in East Timor, and Thailand recently offered a battalion of construction engineers and five medical teams for the reconstruction effort in Afghanistan. In the war on terrorism, Thailand granted the United States overflight and basing rights, as well as cooperating closely in the effort to cut off the financing and freedom of movement of terrorist groups. Thailand also occupies strategic ground in the war on drugs. The Golden Triangle drug-producing region is located on Thailand's northern border, and Thai and U.S. law enforcement and military units work together in the battle against drug smugglers. The same proximity brings the problems of refugees, HIV/AIDS, land mines, and trafficking in persons to Thailand.

Assistance to Thailand enhances our influence in a strategically important region, strengthens Thailand's efforts to combat narcotics trafficking and other international crime, and reinforces military cooperation with a treaty ally. Thailand's stability in turn promotes economic development and enables our \$23 billion trade relationship.

In FY 2003, the United States plans to continue successful International Military Education and Training (IMET), International Narcotics Control and Law Enforcement (INCLE), and Foreign Military Financing (FMF) programs.

Under the IMET program, we will continue to develop and maintain a Thai military committed to respecting and fostering democratic principles and capable of participating in international peacekeeping operations, such as East Timor and Afghanistan. The 2003 FMF request complements other security and counternarcotics-related programs in Thailand by enhancing the Thai military's ability to control its rugged and porous border with Burma. INCLE, FMF, and IMET assistance supports U.S. objectives of increasing Thailand's drug enforcement capability, improving interoperability with U.S. forces, and encouraging Thailand's demonstrated willingness to contribute to international peacekeeping activities. Thailand will be eligible to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act in FY 2003. This grant EDA will also advance interoperability, counternarcotics, and peacekeeping goals while enhancing U.S. influence and access.

INCLE programs expand Thailand's ability to conduct counternarcotics operations, assist with opium eradication efforts, facilitate crop substitution and demand reduction efforts, build and reform law enforcement institutions, and enhance cooperation with the Drug Enforcement Agency. In addition,

INCLE funds some equipment and training to Thailand's newly established Anti Money Laundering Office to go after drug kingpins and, once legislative fixes are complete, terrorist financing. Multilaterally, INCLE funds the International Law Enforcement Academy (ILEA) in Bangkok, a cooperative U.S.-Thai undertaking. ILEA provides counternarcotics and anti-crime training to participants from ten regional countries and builds cooperation among law enforcement personnel that is critical for fighting drug trafficking, transnational crime, and organized criminal enterprises. Since September 11, ILEA has included training for law enforcement personnel in techniques to disrupt terrorist financing and similar terrorist-related activities.

Nonproliferation, Anti-terrorism, Demining, and Related Programs (NADR) funds will provide export control assistance to strengthen Thailand's ability to control, detect, and interdict transfers of sensitive materials and technologies that could contribute to weapons proliferation.

USAID regional programs under Development Assistance (DA) provide Thailand with the technical assistance it needs to promote economic governance reforms, improve environmental management of Thai municipalities and industries, and halt the spread of infectious diseases such as HIV/AIDS, drug resistant malaria, and tuberculosis. Because there is no USAID Mission in Thailand, all Thailand activities are implemented through USAID's regional programs. USAID will use FY 2002 and FY 2003 funds to provide technical assistance to protect vulnerable populations along its borders from infectious diseases and improve the environmental regulatory framework. Other donors include the World Bank, the Asian Development Bank, Japan International Cooperation Agency, the World Health Organization, and the European Union.

Tonga
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
IMET	100	115	125
Peace Corps	1,094	1,004	983

The United States wants Tonga's support in regional organizations, such as the Pacific Community, the Forum Fisheries Agency, and the South Pacific Regional Environment Program. Tonga has consistently supported U.S. positions at the United Nations since joining in 1999.

Tonga joined other regional nations in 1999 (New Zealand, Australia, Vanuatu, and Fiji) in providing unarmed peace monitors once a truce was achieved in Papua New Guinea's Bougainville Island province. International Military Education and Training (IMET) provides professional education and training for Tonga's Defense Force, with emphasis on respect for human rights, civil-military relations, rule of law, and military justice. IMET also helps to support Tonga's ability to contribute to regional peacekeeping endeavors.

Tonga is eligible to receive Excess Defense Articles (EDA) under Section 516 of the Foreign Assistance Act. EDA will also support Tonga's ability to contribute to regional peacekeeping endeavors and their development of an effective maritime law enforcement capability.

Vanuatu
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
IMET	64	100	100
Peace Corps	1,128	1,127	1,142

U.S. national interests in Vanuatu center on strengthening the nation's democratic institutions. Other interests include building Vanuatu's capacity to secure its maritime borders and encouraging programs that protect the island's environment and fragile natural resources.

The small Vanuatu Mobile Force (VMF) must patrol a vast area of ocean. U.S. Coast Guard training in maritime law enforcement supplements Australian and New Zealand programs and upgrades VMF capabilities. International Military Education and Training (IMET) will also help improve force discipline and enhance its effectiveness in regional peacekeeping and disaster relief efforts.

Vanuatu will be eligible in FY 2003 to receive grant Excess Defense Articles (EDA) under Section 516 of the Foreign Assistance Act. Grant EDA will support the U.S. objective of improving VMF operational effectiveness in regional peacekeeping and disaster relief efforts. Transportation, training aids, and patrol craft are desired.

Vietnam
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
CSD	2,494	4,106	0
DA	2,999	6,950	12,456
IMET	0	50	100
NADR-EXBS	0	0	50
NADR-HD	1,650	1,500	1,700

The United States has a national security interest in promoting a stable, globally integrated Vietnam with increasing economic prosperity and U.S. trade relations. The United States also has an interest in helping disadvantaged groups, such as those at high risk of contracting HIV/AIDS, the disabled, displaced children, and victims of natural disasters and land mines.

The United States seeks to enhance Vietnam's ability to be a constructive regional player by encouraging Hanoi's active participation in the Association of Southeast Asian Nations (ASEAN), the ASEAN Regional Forum (ARF), and other strategic dialogues. We also seek to diminish mistrust through incremental expansion of military-to-military contacts.

The FY 2003 request includes funds for E-International Military Education and Training (IMET) courses to enhance English language proficiency among Vietnamese military officers. This will facilitate their attendance at conferences and confidence building meetings hosted by Headquarters, Pacific Command. Programmed FY 2001 funding for this purpose was not disbursed due to a Vietnamese failure to agree to assurances on end use and third-party transfers. The United States hopes to conclude an IMET agreement with Vietnam to allow for use of FY 2002 and FY 2003 funds.

Land mines and unexploded ordnance pose a constant danger to civilians and are a severe impediment to agriculture and economic development. FY 2003 Nonproliferation, Anti-terrorism, Demining, and Related Programs (NADR) funds will be used to continue to assist Vietnam with development of a comprehensive humanitarian demining program to protect the lives of innocent civilians and to promote economic and agricultural development. NADR funds also will provide export control assistance to strengthen Vietnam's ability to control, detect, and interdict transfers of sensitive materials and technology that could contribute to weapons proliferation.

Development Assistance (DA) will provide funds to select vulnerable groups, including victims of war injuries, land mines, or annual floods, as well as orphans and displaced children and those at high risk of contracting HIV/AIDS. These funds will continue to help improve opportunities for war victims and children at risk. For the war victims and victims of mines left by war, activities will focus on providing orthotic and prosthetic devices as well as rehabilitation for those in need of artificial limbs. These funds will promote barrier-free access in building design and construction and increase the participation of the disabled in the decision-making process. There will be more emphasis on children with disabilities and in developing local capacity to include them in educational programs. Future programs will place more emphasis in sustainability by building local capacities to support these disabled groups.

Regional Democracy
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
ESF	5,894	5,000	5,000

It is in the U.S. national interest to facilitate democratization in nations where it has been slower to take root or which are in a critical stage in their evolution towards full democracy. By helping those groups and institutions that are working for more open and democratic government, the United States is also attacking one of the roots of terrorism, thus enhancing our own national security.

EAP Regional Democracy funds promote democratic institution building in key countries of East Asia and the Pacific where transition to democracy is in progress. Non-governmental organizations (NGOs), U.S.-based and Asian, as well as governmental agencies receive support in their efforts to build democratic institutions and set standards for good governance and transparency. Democracy funds may also further enactment and enforcement of labor rights legislation and improved governmental adherence to International Labor Organization standards.

FY 2001 funds supported the rule of law in China and conservation of the cultural heritage of Tibet, as well as the return to constitutional democracy in Fiji and rule of law in China's environment sector.

FY 2002 funding will be used to combat terrorism in the region by increasing transparency at all levels of government and by strengthening civil society organizations that advocate on behalf of human rights, the rule of law, and freedom of the press, religion, and assembly. A small grants program may also be initiated to further democracy, women's rights, and civil society in the region by assisting Asian NGOs.

FY 2003 will again focus on combating the roots of terrorism in the region through support of governments seeking to develop or expand educational and economic opportunities in areas, many with majority Muslim populations, where these have been lacking. EAP will continue to work closely with The Asia Foundation and other well established international NGOs to implement a balanced and effective strategy.

Regional Security Fund
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
ESF	249	250	250

Active participation in and support for multilateral approaches to regional security are important elements of U.S. Asia-Pacific security policy. The United States is also a leading member of two multilateral organizations: the 23-member ASEAN Regional Forum (ARF), the only region-wide governmental forum devoted to discussion of security issues in the region; and the 5-member Northeast Asia Cooperation Dialogue (NEACD), a non-governmental (Track II) group.

In addition, the United States is a Dialogue Partner and strong supporter of the Association of Southeast Asian Nations (ASEAN) and has actively supported the informal Jakarta Working Group process on the South China Sea. ASEAN has established an expectation that differences among members will be resolved peacefully. For the last two decades there has been no major armed conflict among members. In addition, ASEAN members have worked together to resolve problems that could undermine regional security. ASEAN members chair the ARF. The United States is also a dialogue partner of the Pacific Island Forum (PIF).

This policy and these groups have contributed significantly to building a more stable regional security environment, fostering a climate of dialogue on regional disputes, and thereby supporting U.S. security and economic interests in the region.

Multilateral security diplomacy is in its infancy in Asia. The ARF and NEACD date from the mid-1990s. With the exception of ASEAN, most regional groups do not have an institutional character (permanent headquarters) or organs (i.e., standing councils or secretariats). Rather, they serve as fora for inter-governmental or mixed governmental and non-governmental gatherings. Programs are sponsored by participants under the rubric of the organization, not by the organization itself.

One objective of Regional Security funds will be to support dialogue and confidence-building programs, particularly within the ARF and NEACD, on contentious issues in the region. Programs such as seminars, workshops, and exchanges on traditional (e.g., arms control) and non-traditional (e.g., piracy) security challenges for officials from ARF countries will be emphasized.

A second objective will be to promote the development of multilateral institutions themselves. The ARF has begun to develop the tools of preventive diplomacy in order to make a more tangible contribution to regional security. ASEAN also looks at regional security issues and the ASEAN Secretariat can be an important tool of multilateral diplomacy. The PIF is increasing regional cooperation to improve the ability of the Pacific Island member states to respond to trans-national challenges, such as drug trafficking, money laundering, and terrorism. NEACD is studying ways to improve political interaction and discussion among its members. The United States aims to support these initiatives through direct technical assistance, seminars, exchanges, and other programs.

Finally, Regional Security funds could also be used to support the development of multilateral diplomacy in situations where regional institutions may be unable to engage effectively. Track II organizations, such as the Jakarta Working Group Process, NEACD, and the Council for Security Cooperation in the Asia-Pacific (CSCAP) can provide channels for these activities; they may also be proposed as U.S. national projects. Activities such as programs for Asian officials on the regional security implications of and possible responses to specific ethnic or religious conflict or repression of minority and political rights would be the

focus in this area. Funds could be used to support common political action agreed by groups of states in response of security challenges, such as the dispatch of special envoys or mediators. Funds could also be used in support of multilateral efforts to combat terrorism.

These efforts contribute to the gradual development of more functional multilateral institutions that can actively bring resources to bear on the resolution of regional issues. The creation of such tools will promote U.S. interests by enhancing regional stability and respect for international norms for interstate relations.

Regional Women's Issues
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
ESF	2,994	4,000	4,000

Regional Women's Issues Economic Support Funds (ESF) help advance democracy and human rights by improving the status of women throughout East Asia and the Pacific (EAP). Improving the status of women leads to full enfranchisement of all citizens, higher educational levels for half the population, and a more skilled and healthier labor force. This strengthens the foundation for accomplishing other high priority goals.

The three objectives of Regional Women's Issues funds are to increase women's participation in the political process, to eliminate violence against women in all its forms, and to reduce the trafficking of women and children within and from the EAP region.

This ESF funding was initiated in FY 2000. Some of these funds were spent to begin a regional initiative to reduce the trafficking of women and children at a regional meeting of 21 nations and economies, the Asian Regional Initiative Against Trafficking in Women and Children (ARIAT), held in Manila in March 2000.

In FY 2001, Regional Women's Issues funds provided a grant to The Asia Foundation for a six country regional program addressing the three objectives above. It also funded country programs in Indonesia, Thailand, and Vietnam, as well as a regional website.

In FY 2002, funds concentrate on combating Trafficking in Persons. The State Department's first annual Trafficking in Persons report was submitted to the Congress in July 2001. Four EAP countries were in the lowest category, Tier III (i.e., countries not making significant efforts to bring themselves into compliance with the minimum standards listed in the Trafficking Victims Protection Act of 2000; that law requires imposition of certain sanctions starting in 2003). Many other countries in EAP were in Tier II (i.e., countries that do not yet fully comply with the Act's minimum standards but are making significant efforts to bring themselves into compliance). Grants will be awarded to results-oriented proposals aimed at moving these countries in the direction of better enforcement of laws and regulations for combating trafficking of persons, and better protection of and assistance to victims.

In FY 2003, Regional Women's Issues funds will continue to focus on activities that increase the political empowerment of women, reduce domestic and workplace violence against women, and combat trafficking.

South Pacific Fisheries
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
ESF	14,000	14,000	18,000

The 1988 South Pacific Multilateral Fisheries Treaty is a key component of our strong overall foreign relations with the Pacific Islands States and a model for others. It provides a solid foundation upon which the United States and the member states of the Pacific Islands Forum (known as the South Pacific Forum until October 1999) can cooperatively address the challenges of sustainable fisheries conservation in the South Pacific. This treaty, through positive multilateral cooperation, achieves profitable, sustainable management of fisheries resources and ensures continued access for U.S. commercial fishing vessels to the Pacific Ocean tuna fishing areas.

Since the treaty came into force, our annual payment obligations under the treaty have ensured access to broad areas of the Pacific, including parts of the exclusive economic zones of the 16 governments which make up the Forum Fisheries Agency (FFA). This positive fisheries relationship, as well as a common desire to conserve fisheries resources in the South Pacific, has carried over into the ongoing multilateral negotiations for a conservation and management regime in the Central and Western Pacific, where we are cooperating closely with the Pacific Island States. The goal of these ongoing negotiations is to develop a mechanism to ensure that highly migratory resources in that region are not depleted.

We are presently negotiating with the 16 governments of the FFA to extend the treaty past 2003. Increased funding authority in FY 2003 will help us reach that agreement and avoid conflict over access to and management of highly migratory fisheries resources and ensure continued unimpeded access by U.S. commercial fishing vessels to highly productive fishing areas in the Pacific Ocean, pursuant to the treaty.

EUROPE AND EURASIA

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Albania
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
FMF	8,631	4,000	5,000
IMET	1,200	800	900
NADR-EXBS	0	15	140
SEED	35,123	35,000	28,000

Our relations with Albania advance U.S. interests by helping stabilize Southeastern Europe; promoting economic reform; developing democracy; countering international terrorism and crime; stopping illicit trafficking in persons, narcotics, and conventional weapons; assisting and protecting American citizens overseas; providing humanitarian relief; and addressing global environmental, population, and health challenges. Albania's pivotal role in assuring regional stability places a high premium on the continued engagement and support of the United States. In collaboration with our European partners, through the EU, NATO, and the OSCE, we will continue to reinforce and strengthen a process aimed at stabilizing Albania and bringing it into the Euro-Atlantic mainstream. A stable and prosperous Albania can do much to help the United States combat arms proliferation and trafficking in humans and narcotics. In the wake of September 11, Albania has played a firm and constructive role in the war on terrorism.

U.S. assistance to Albania supports market-based economic reform, strengthens civil society, promotes democracy, enhances Albania's territorial integrity and security, contributes to regional stability, and helps relieve human suffering.

In FY 2003, Support for East European Democracy (SEED) funds will continue to nurture a small but growing economy that is simultaneously making the transition to a free market while recovering from civil strife in 1997 and the effects of the Kosovo crisis in 1999. SEED programs help strengthen an agricultural sector that accounts for more than half of output and about 70 percent of the workforce, as well as an enterprise sector dominated by very small businesses. SEED programs accordingly target problems afflicting every type of economic activity in Albania: an extremely poor infrastructure, crippling energy shortages, and a sometimes corrupt judicial system. SEED assistance also supports the private sector with programs that promote banking sector reform, capital market development, the availability of micro-credit, and the work of the Albanian-American Enterprise Fund.

Domestically, combating terrorism, organized crime, trafficking in persons, and corruption remain major Albanian government priorities. SEED programs, as a consequence, support a range of projects that provide anti-trafficking, counter-narcotics, and anti-organized crime training. These programs strengthen Albanian government law enforcement capabilities through the training of Albanian police, prosecutors, and judges. In FY 2003, we will continue to fund anti-trafficking programs in Albania at a high level.

Fostering a solid democratic basis of government is also a major SEED priority in Albania. SEED programs will continue to encourage respect for human rights in Albania's domestic political institutions and help develop a viable civil society. SEED funds will continue to support such initiatives as: the Democracy Commission, which gives small grants to non-governmental organizations (NGOs); the International Visitor Program, which brings future leaders to the United States; the Ron Brown program, which provides graduate scholarships in law and economics; training for journalists; civic education programs; and English teaching programs. We will also work to solidify the rule of law under Albania's constitution and promote the growth of a viable NGO sector in coordination with international partners.

Foreign Military Financing (FMF) and International Military Education and Training (IMET) have supported defense reorganization and training consistent with the U.S. and NATO goals of restructuring and modernizing the Albanian military. The Albanian government continues efforts to reform its armed forces, including approval of new national security and defense policies and an accompanying overhaul of basic command structures. FMF will continue to support this process by helping to build the capabilities of the Albanian armed forces according to parameters contained in Albania's NATO Membership Action Plan. Albania's FY 2003 FMF program will focus on NATO-compatible communications equipment, sustainability for patrol boats, contractor support for a defense reform initiative, upgrades to training areas, and air and coastal surveillance radar.

Albania's FY 2003 IMET program will continue to provide numerous officers with the training and related English language instruction necessary to function effectively in a modern, professional military, as well as to enhance Albania's ability to participate alongside NATO forces in crisis response operations, in PfP exercises, and in other activities.

Albania will be eligible in FY 2003 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Transfer of EDA will assist Albania to meet its defense requirements and further promote interoperability.

As part of its efforts to prevent the proliferation of weapons of mass destruction, their delivery systems, related technologies, and other weapons, the United States is continuing to provide Export Control and Related Border Security Assistance funds under Nonproliferation, Anti-terrorism, Demining, and Related Programs (NADR) to help establish a fully effective export control system in Albania. FY 2003 NADR funding will be provided to develop the laws and regulations of a strong export control system.

Armenia
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
FMF	0	4,000	3,000
FSA	89,802	90,000	70,000
IMET	0	400	750
NADR-EXBS	500	270	1,850
NADR-HD	850	1,200	750
Peace Corps	1,219	1,441	1,333
P.L. 480 - Title II	742	0	0

The United States seeks to promote peace and stability in the Caucasus and to help the three Caucasus countries fulfill their potential as gateways from the Caspian Basin to the West. Armenia is a front-line state and has offered cooperation in support of Operation Enduring Freedom, including overflight/landing rights, medical assistance, and information sharing. The United States supports the transformation of Armenia into a democracy based on the rule of law and an active civil society that functions on free-market principles, is integrated into the world economy, has the capability to provide for the welfare of its citizens, and is at peace with its neighbors.

Achieving a durable and mutually acceptable resolution to Armenia's conflict with Azerbaijan over Nagorno-Karabakh is key to several U.S. interests. A durable peace settlement would eliminate a major cause of instability in the Caucasus region. It would facilitate Armenia's economic cooperation with its Caucasus neighbors and remove a major impediment to normal relations between Armenia and Turkey. Peace would free Armenia to concentrate more of its political energy and economic resources on domestic reforms and development and on improving the social well-being of its citizens.

U.S. assistance to Armenia supports private sector development, economic and energy reform, democracy and good governance, social sector reform, education, and agriculture. Humanitarian programs seek to ease the plight of a country in transition that carries the additional burdens of natural disaster, such as the 1988 earthquake, and regional conflict. U.S. security and nonproliferation assistance and cooperation with Armenia is increasingly important in the aftermath of September 11.

FREEDOM Support Act (FSA) assistance helps to mitigate difficult living conditions for Armenians who lost their homes and sources of income during the devastating earthquake of 1988, those affected by the conflict over Nagorno-Karabakh, and various other needy groups, such as orphans and the elderly. Programs to address housing shortages in the earthquake zone have proven extremely effective and have led to significant improvements in conditions in Gyumri and the surrounding area. Other programs support Armenian efforts to provide health care for disadvantaged citizens.

Armenia is continuing its efforts to improve its business climate, increase investment, and create jobs. The government is implementing final measures necessary for entry into the World Trade Organization. FSA-funded programs will continue to focus on developing and marketing Armenian agricultural products. At the macro-level, U.S. Treasury advisors will provide expertise in improving revenue collection and reducing budgetary deficits, ensuring that the government will be able to maintain good relations with international financial institutions. Exchange and training programs, scholarships, and other programs will help Armenia develop other sectors of its economy, including information technology and tourism.

The Armenian government has continued on a path toward normalizing democratic practices, but poor economic conditions and regional instability could jeopardize this progress. Strengthening democratic institutions and providing educational and informational links with the West help to counter Armenia's isolation. FSA democracy assistance programs are helping government agencies and non-governmental organizations (NGOs) improve election laws and procedures. Programs also help legislators draft appropriate laws, train judges and prosecutors, and promote effective political parties. Support for NGOs and the independent media helps those organizations effectively articulate public interests and strengthen civil society.

Exchanges and training and partnership programs provide opportunities for current leaders and the next generation of Armenians to learn about U.S. society and institutions at first hand and to forge personal ties with individual Americans and U.S. institutions. Over 2,900 Armenians have participated in U.S. exchange programs since 1992. In FY 2003, FSA funding will continue to expand the provision of Internet access and related training and curriculum development to Armenian schools throughout all 11 regions of the country. Internet access and training programs increase the free flow of information and support contact with partners in the United States and the West in a variety of academic and professional fields.

With substantial U.S. assistance, the Government of Armenia has successfully implemented the majority of recommendations of international experts to improve the safety of the Metzamor nuclear power plant. FSA-funded programs will continue to improve the near-term operational and physical safety of the plant. Rationalizing and privatizing the energy sector and finding alternative sources of energy will be key to Armenia's ultimate closure of Metzamor.

The waiver of Section 907 of the FSA in January 2002 allows the United States to provide security assistance to Armenia, which was previously withheld because of the policy of even-handedness between Armenia and Azerbaijan. Modest International Military Education and Training (IMET) was provided to both Armenia and Azerbaijan in FY 2002. The FY 2003 budget proposes a near doubling of military education for Armenian officers in U.S. military professional education schools. The FY 2003 budget also proposes a continuation of Foreign Military Financing (FMF) to Armenia, initiated in FY 2002, to support legitimate defense requirements, interoperability, and potential peacekeeping activities.

The Armenian government has demonstrated a willingness to cooperate with the United States in preventing weapons of mass destruction (WMD) proliferation, other weapons trafficking, and in fighting transnational crime and has taken steps to strengthen its export controls and border control systems. U.S. Export Control and Related Border Security Assistance (EXBS) programs funded under the FSA and the Nonproliferation, Anti-terrorism, Demining, and Related Programs (NADR) accounts are providing equipment and training assistance to customs, border guard, and other law enforcement and border security authorities to improve their export and border control capabilities and to prevent weapons proliferation. U.S. programs also help Armenia fight narcotics trafficking and financial crimes that threaten U.S. security. U.S. law enforcement agencies, working through the State Department's Bureau of International Narcotics and Law Enforcement Affairs, provide training to increase Armenia's capacity to fight international crime and corruption and to improve human rights practices in criminal justice institutions. Other U.S. programs funded through FSA and NADR also promote the participation of former Soviet weapons scientists in peaceful research projects supported by the International Science and Technology Center (ISTC) and the U.S. Civilian Research and Development Foundation (CRDF).

Landmines pose a significant danger in Armenia to people, productivity, and socio-economic development. Through mine clearance and mine awareness efforts, NADR funds will help save lives and create conditions for the return of displaced persons and refugees and for increased economic growth and productivity.

Azerbaijan
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
FMF	0	4,000	3,000
FSA	36,024	43,310	46,000
IMET	0	400	750
NADR-EXBS	825	100	1,850
NADR-HD	1,100	1,380	1,380
ERF-NADR-EXBS	0	3,000	0
P.L. 480 - Title II	2,501	582	0

U.S. national interests in Azerbaijan center on the advancement of U.S. energy security and progress in free market and democratic reforms, which will help ensure long-term internal stability. Azerbaijan's shared border with Iran and its long-standing conflict with Armenia mean that its internal stability has a direct bearing on regional stability. The involvement of U.S. firms in the development and export of Azerbaijani oil is key to our objectives of diversifying world oil supplies and promoting U.S. energy security and U.S. exports. Azerbaijan, a front-line state, has supported the war on terrorism by offering the exchange of intelligence, blanket overflight rights, and the use of bases in support of U.S. military operations.

U.S. assistance to Azerbaijan enhances its ability to prevent the proliferation of weapons of mass destruction (WMD), weapons technology, expertise, and conventional arms and encourages efforts to halt transshipment of narcotics across its borders. Humanitarian programs through the delivery of commodities, principally medicines and medical supplies, seek to ease the plight of the disadvantaged and displaced and to avert crises, while democracy programs seek to strengthen civil society in Azerbaijan. In FY 2003, the United States plans to focus assistance to the Government of Azerbaijan (GOAJ) on economic development, combating drug trafficking and terrorism, and strengthening export controls and border security.

U.S. assistance to Azerbaijan has in the past been severely constrained by Section 907 of the FREEDOM Support Act (FSA), which restricted U.S. assistance to the program areas of nonproliferation, humanitarian assistance, and democratization. Activities by the Export-Import Bank (EXIM), the Overseas Private Investment Corporation (OPIC), and the Foreign Commercial Service were also permitted. The Presidential waiver of Section 907 of the FSA in 2002 opened the door to new and deeper engagement with Azerbaijan. To assess needs and program options, technical assistance teams from the Department of the Treasury, the U.S. Customs Service, and an interagency group under the State Department's Bureau of International Narcotics and Law Enforcement Affairs traveled to Azerbaijan in January and February of 2002. The Department of Defense will conduct its first-ever bilateral working group with Azerbaijan in March.

The FY 2003 budget proposes a continuation of security assistance begun in FY 2002 following the waiver of Section 907. The United States plans to provide equipment, services, and training, through the Foreign Military Financing (FMF) and International Military Education Training (IMET) programs to assist in military reform, interoperability for peacekeeping, and expand professional military education opportunities for Azeri military officers in U.S. military profession training schools. In accordance with current restrictions, assistance provided under these programs will not be usable for offensive purposes against Armenia, will not affect the military balance between Armenia and Azerbaijan, and will not undermine or hamper ongoing efforts to negotiate a peaceful settlement between Armenia and Azerbaijan.

The United States and Azerbaijan have a mutual interest in addressing the serious dangers posed by potential trafficking in WMD, associated delivery systems, materials, technologies, conventional arms, and weapons expertise in Azerbaijan. The GOAJ has demonstrated that it takes this issue seriously by intercepting shipments of concern. The United States has responded with an expanding program of assistance under the Export Control and Related Border Security Assistance (EXBS) program funded through the Nonproliferation, Anti-terrorism, Demining, and Related Programs (NADR) account in FY 2003. Azerbaijan's maritime region has enormous potential for both legitimate and illegal commerce. The agencies responsible for maritime law enforcement are sorely in need of both resources to conduct surveillance and boardings in the Caspian Sea and port security training in Baku. In FY 2003 USG agencies will continue to provide assistance under a multi-year comprehensive program to enhance Azerbaijan's capabilities in this area. Assistance will also continue to redirect former Soviet WMD scientists to peaceful research through programs such as the Science Centers and Civilian Research and Development Foundation.

Azerbaijan will be eligible to receive grant Excess Defense Articles (EDA) in FY 2003. Provision of grant EDA could be used to improve Azerbaijan's maritime law enforcement capability to support nonproliferation goals.

While economic growth is apparent in Baku as a result of oil industry development, spillover effects into other sectors of the economy have not yet occurred. The agricultural sector, which has the potential to employ many people, is mired in low productivity. Recently privatized farms are small and lack reliable access to inputs, water, equipment, and finance. Private business development has been hampered by complex regulations, corruption, and underdeveloped financial systems. The unemployment level remains stagnant at a high level. Because Azerbaijan is a vital link in the Trans-Caspian energy corridor, it is essential that the GOAJ develop a market-oriented, transparent, and corruption-free economic, legal, and regulatory system. U.S. assistance under the FSA in FY 2003 will focus on accelerating growth and development of private small and medium enterprises in agriculture and other targeted areas. Training opportunities will focus increasingly on economics and business development. In addition, the USG will continue to work with the GOAJ on oil development and to support American companies through OPIC, EXIM, and Trade and Development Agency (TDA) activities.

While Azerbaijan has made some progress towards the creation of a democratic system of government, significant problems remain in the areas of media freedom, human rights, and conducting free and fair elections. In FY 2003, the United States will continue to promote the development of democratic institutions and a civil society in Azerbaijan. FSA-funded assistance to the government will focus on programs that promote the development of the rule of law. The United States will also continue programs to assist non-government organizations, political parties, and the media to help them to articulate effectively public interests and strengthen civil society. Exchanges and training and partnership programs provide opportunities for current leaders and the next generation of Azerbaijani leaders to learn about U.S. society and institutions first-hand and to forge personal ties with individual Americans and U.S. institutions. Over 1,600 Azerbaijani citizens have traveled to the United States on USG exchange programs since 1992. Internet access and training programs expand the availability of information to Azerbaijanis throughout the country.

Landmines pose a significant danger in Azerbaijan to people, productivity, and socio-economic development. Through mine clearance and mine awareness efforts, NADR funds will be used to save lives and create conditions for the return of displaced persons and refugees and for increased economic growth and productivity.

Belarus
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
FSA	11,383	10,072	9,500

Advancing democratic principles and economic reform will help ensure the independence and prosperity of Belarus, which will in turn contribute to regional stability. Currently, Belarus' lack of legitimate democratic institutions, political oppression, retrograde economic policies, and close relations with rogue states threaten regional development and security, potentially undermining U.S. interests. The Government of Belarus has not offered any assistance in the war on terrorism (although its president did condemn the September 11 attacks). A democratic and sovereign Belarus would result in increased Euro-Atlantic security, reinforcement of regional democratic and economic reform trends, improved human rights, increased opportunities for U.S. investors and exporters, and more effective treatment of the long-term effects of the 1986 Chernobyl nuclear disaster.

U.S. assistance to Belarus seeks to help achieve a pluralistic and democratic political culture through strengthening of the political process, and development of civil society, media, and small and medium enterprises.

Although the September 2001 presidential elections were seriously flawed, the election process did provide a context for the emergence of a more vibrant civil society and independent media. In FY 2003, the United States plans to continue to fund programs under the FREEDOM Support Act (FSA) which will support non-governmental organizations (NGOs) that directly advocate human rights and actively promote democracy. This support will include small grants and training in such areas as advocacy, networking, and coalition-building. The United States will also continue to provide support to Belarus' besieged independent media, including material and technical support to journalists and editors who are struggling to keep their publications open in the face of continued harassment by the regime and competition from government-subsidized state media. U.S. Government-funded academic and professional exchange programs will continue to provide opportunities for Belarusian citizens – especially young people – to familiarize themselves with the day-to-day functioning of a market-based, democratic system. In addition, U.S. assistance will include legal assistance and legal education, as well as training for civic and political activists. With local elections scheduled for early 2003, programs will seek to foster an environment for the emergence of democratically oriented leaders at the local level.

Opportunities to encourage economic reform through FSA assistance programs are severely circumscribed in Belarus. The election of the current president in 1995 froze economic liberalization and structural reform. As a result, according to one 2001 study, Belarus had the lowest GDP growth and highest inflation of all former Soviet states. Modest FSA economic assistance programs have concentrated on supporting small and medium enterprises, and developing business associations for lobbying and advocacy. Any further programs in FY 2003 will continue to focus on these areas.

Targeted U.S. humanitarian assistance, financed through FSA, is provided through NGOs directly to assist the most vulnerable of the people in the region. NGOs receiving U.S. support also work to address public health concerns, including tuberculosis, hepatitis, HIV/AIDS, and women's wellness and infant care.

Bosnia and Herzegovina
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
FMF	5,986	2,250	2,500
IMET	1,109	800	900
NADR-EXBS	0	0	30
PKO	19,800	20,500	17,500
SEED	79,824	65,000	50,000

The 1992-95 war in Bosnia and Herzegovina (BiH) devastated the country's human and physical infrastructure and threatened both European stability and the cohesion of the NATO alliance. The United States led the negotiations that resulted in the 1995 Dayton Peace Accords, which ended the conflict in BiH. Today, the United States plays a critical role in the Dayton peace implementation process – the framework for building a multi-ethnic, democratic BiH. A peaceful and stable BiH that respects international human rights and adheres to the rule of law is critical to the peace and the future prosperity of Southeast Europe and, consequently, is in our national interest. Authorities in BiH have been cooperative in the war on terrorism, taking measures to more effectively control borders, passing stricter citizenship laws, and arresting key figures associated with the al Qaeda network.

The United States leads NATO's Stabilization Force in BiH, which provides a security guarantee for the country. The United States is also deeply engaged in building Bosnian institutions – including an effective police force and a State Border Service – that will increasingly enable the country to secure its borders and fight terrorism, crime, and the illegal trafficking of persons and drugs. At the same time, continued U.S. efforts to promote investment and sustainable economic growth in BiH serve not only to make BiH's transition to democracy more sustainable, but also promote the U.S. strategic goals of economic development and global growth and stability. U.S. assistance and policy in BiH are targeted on full implementation of the peace accords, promotion of democratization through the development of democratic institutions and respect for human rights, and promotion of investment and economic growth. U.S. assistance in all areas helps leverage funding from other donors, whose combined efforts far exceed the U.S. contribution.

In FY 2003, the Support for East European Democracy Act (SEED) program in BiH will continue to strengthen indigenous institutions and the central state, move BiH further down the path to European integration, and help Bosnians take ownership of their institutions and country. Our assistance is geared to support humanitarian, economic, democratization, and rule of law programs. We will provide economic support and infrastructure assistance to aid displaced war refugees returning to homes they fled during the war. We will fund technical assistance to small and medium enterprises, work to remove barriers to investment and economic growth, create alternate dispute resolution mechanisms, and strengthen the standards of corporate governance. We will also help build advocacy institutions that will advance the interests of the private sector. By assisting in the development of regional government treasuries we will improve governments' ability to budget and manage scarce resources. Our assistance program will also support non-governmental organizations (NGOs) and non-profit organizations through a small grant program and other capacity-building initiatives, build more democratic and responsive legislatures and political parties, professionalize the police, and seek to reform the legal and judicial systems.

The requested FY 2003 Peacekeeping Operations (PKO) funding includes support for the mission of the Organization for Security and Cooperation in Europe (OSCE) in BiH. The civilian OSCE mission in BiH carries out work which is crucial to the United States' objective of advancing democracy, democratic institutions and respect for human rights in BiH – work which also contributes substantially to stability and

security in the region. Specifically, the mission plays a major role in the creation of a stable, peaceful BiH through promotion of democratic values, monitoring and furthering the development of human rights, as well as implementing arms control and security-building measures. The Mission organized and supervised all of BiH's post-Dayton elections but is relinquishing that responsibility to local authorities in 2002. In addition to the United States' portion of the OSCE Mission assessment, PKO funds support United States personnel seconded to the OSCE as well as the U.S. Ambassador who currently heads the OSCE Mission.

Foreign Military Financing (FMF) funds contribute to U.S. national security by promoting peace and stability in BiH as well as in the Balkans as a whole. Under the Train & Equip program, the United States has supplied nearly \$100 million in surplus defense articles and defense services to the Federation Army (VF) since 1996 to help establish military stability in BiH and prevent renewed hostilities. The Train & Equip program and the presence of NATO-led military forces have succeeded in this goal. However, new possibilities for enhanced strategic stability have opened over the last year which, if seized, can help create the conditions for an eventual end to the current NATO-led peacekeeping mission. In 2001, Croatia terminated financial support to the Croat component of the VF, and in February 2002 the Yugoslav government announced its decision to cease financing support to the Army of the Republika Srpska (VRS). In addition, both the VF and the VRS are undergoing substantial downsizing. In the first quarter of 2002, the VF will reduce its personnel strength by more than 40 percent. This will be accompanied by equipment consolidation. The totality of these changes permits the United States to begin transitioning FMF and other security assistance support away from the peculiar requirements of the Train & Equip program to a more conventional program aimed at developing a state dimension of defense for Bosnia and Herzegovina. FMF funding in 2003 will be used to support programs that help this transition through focused assistance for a state defense establishment, equipment sustainment and consolidation, and initial development of a state procedure for obtaining logistics assistance.

BiH's International Military Education and Training (IMET) program will also contribute to regional stability by helping to develop officers and non-commissioned officers who agree to work in the state defense establishment. IMET funds will be used to provide training with emphasis on junior officer professional development (Army basic and advanced courses), staff training for mid-level officers (service staff colleges), and Expanded IMET courses for mid- to upper-level officials in the defense sector.

BiH will be eligible to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act (FAA). Provision of grant EDA will assist BiH in meeting its defense requirements, enacting defense reforms, and furthering interoperability.

With Nonproliferation, Anti-terrorism, Demining, and Related Programs (NADR) and International Trust Fund monies, the United States has provided over \$45 million in demining assistance to BiH since 1996. FY 2002 and FY 2003 funding from the International Trust Fund is planned for demining and other mine action projects. The sites to be demined will be high priority projects defined by the Bosnian national mine action center that promote refugee and internationally displaced person returns, social reintegration, and infrastructure rehabilitation.

As part of its efforts to prevent the proliferation of weapons of mass destruction and their delivery systems, related technologies, and other weapons, the United States in FY 2003 is providing NADR Export Control and Border Security Assistance funds to help establish a fully effective export control system in BiH. This initial program funding will focus on developing the laws and regulations of a strong export control system.

Bulgaria
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
FMF	13,470	8,500	9,500
IMET	1,599	1,200	1,350
NADR-EXBS	100	410	730
Peace Corps	1,972	2,296	2,037
PKO	2,500	0	0
SEED	35,123	34,000	28,000

Bulgaria's transition to a market-oriented, democratic society has been moving forward for the past decade steadily, albeit slowly due to lags in some key areas where it is important to maintain U.S. assistance. Bulgaria has assumed a leadership role in promoting political and economic stability in the region in various cooperative organizations and was elected in October 2001 to a non-permanent seat on the UN Security Council. During the 1999 war in Kosovo, U.S. military action had the backing of the Bulgarian government, which has shown itself to be a steadfast supporter of U.S. interests in the region. Bulgaria is actively pursuing NATO and EU membership and is still in the process of reorganizing its defense establishment. Bulgarian support for the war on terrorism has been exemplary, including hosting the temporary deployment of U.S. military aircraft flying missions in support of Operation Enduring Freedom. Given Bulgaria's strategic importance to the United States, we should carry through in FY 2003 with assistance programs that have had the most impact, but where much work remains, particularly in regard to market-oriented reforms: economic restructuring, including privatization of state enterprises; fiscal decentralization; and municipal governance and strengthening the rule of law.

The outcome of key elections in the past year is a clear barometer of growing public dissatisfaction with Bulgaria's political leadership and its inability to reduce the level of poverty and unemployment or to increase wages. After the June 2001 parliamentary elections, deposed King Simeon Saxe-Coburg became Prime Minister on a reform platform. Disappointed in the Saxe-Coburg government's handling of the economy and its inability to cope effectively with mounting social hardships, in the November presidential elections the voters opted for Socialist leader Georgi Purvanov. Although Bulgaria has made progress on broad economic and political reforms, these gains have not yet filtered down to the general citizenry in the form of more jobs and a higher standard of living. Indeed, 12 years into the transition, increased poverty, morbidity, and joblessness confront the majority of Bulgarians.

Support for East European Democracy (SEED) assistance in FY 2003 will support further economic reform with a focus on the banking sector, enforcement of the commercial regulatory framework, and help to companies with export earnings potential in the agricultural, light manufacturing, information technology, and tourism industries. A new anti-corruption program and expanded support to rule of law programs and to the non-governmental organization community will promote increased transparency and accountability at all levels of government, as well as judicial reform. We will continue to focus on programs to strengthen local governments, promote fiscal decentralization, and help modernize the municipal budget process. In addition, programs will improve the regulation, management, and sustainability of pension, health, and other social insurance funds; overcome barriers to formal sector employment through tripartite dialogue and decision making, legislative reform, and training for displaced (including military) workers; and promote increased inclusion of and tolerance toward women, minorities, and other vulnerable groups in society.

One of the original twelve Eastern European countries slated for eventual membership in the European Union, Bulgaria signed a Europe Agreement in 1993 to launch the process and in 2000 formally began

negotiations. However, given Bulgaria's laggard economic performance, the timetable for actual accession remains elusive, and it is unlikely that Bulgaria will be included in the next round of EU expansion.

Foreign Military Financing (FMF) is helping Bulgaria rationalize and modernize its armed forces – action key to eventual NATO membership – and contribute to regional stability. The Defense Ministry has embarked on a major equipment modernization program, including updated communications systems for its new rapid reaction brigade and for ground forces. This is a costly, multi-year undertaking that will take at least four and perhaps up to six to eight years. A portion of the FMF budget will provide trainers and simulation equipment to help keep the Bulgarian military ready for peacekeeping operations and continue contractor support in regards to defense reform initiatives.

International Military Education and Training (IMET) will continue to provide critical support to the Bulgarian armed forces as the government continues with its massive reorganization program and will be instrumental to its success. IMET funding in FY 2003 will continue training for non-commissioned officers and for officers in professional military training, civilian/military relations, and national security affairs.

As part of its efforts to prevent proliferation of weapons of mass destruction, their delivery systems, related technologies, and other weapons, the United States is providing Export Control and Related Border Security Assistance funds under Nonproliferation, Anti-terrorism, Demining, and Related Programs (NADR) to help establish a fully effective export control system in Bulgaria. NADR funding in FY 2003 is to provide enhanced enforcement training; chemical and biological warfare and radiation detection training and equipment; portal monitors; and other equipment for export control enforcement personnel.

Bulgaria will be eligible in FY 2003 to receive grant Excess Defense Articles (EDA) under section 516 of the Foreign Assistance Act. The transfer of EDA will assist Bulgaria in meeting defense requirements, enacting defense reforms, and furthering interoperability.

Croatia
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
FMF	3,991	5,000	6,000
IMET	1,032	600	700
NADR-EXBS	0	85	90
PKO	2,900	3,300	2,300
SEED	44,527	44,000	30,000

The United States has a strong interest in ensuring that Croatia makes a successful transition to a stable democracy and market-oriented economy. As one of the more developed countries that emerged from the former Yugoslavia, Croatia has the potential to be an anchor for peace and stability in the Balkans and to serve as a significant economic actor in the region. U.S. assistance programs have helped Croatia make progress in overcoming the negative legacies of the past decade from the war with Serbia and the nationalistic, autocratic Tudjman regime's mismanagement of the economy. The reform-oriented coalition government that was elected in early 2000 had made sufficient progress by late 2001 to win approval of a Stand-By Arrangement from the IMF and a Structural Adjustment Loan from the World Bank. Nevertheless, Croatia's situation remains fragile, and the government still faces major economic and political challenges.

Our commitment to help Croatia with its transition is key to its success. Continued Support for East European Democracy (SEED) assistance to Croatia is crucial to support critical U.S. policy interests in Croatia and throughout the region. Croatia has been very supportive of the U.S.-led fight against terrorism. In addition to making public statements of support, the Croatian government has offered the use of Croatian airspace and ports and made offers of humanitarian assistance and access to information. From the late 1990s until the elections in 2000, SEED programs in Croatia focused on democracy-building activities: technical assistance to local governments, political parties, labor unions, media, and non-governmental organizations (NGOs). Once a reform-oriented government was elected, the United States was able to resume funding for economic reform activities (which had to be suspended under the Tudjman regime) with the expectation that the new leadership would take meaningful steps to carry out needed structural changes, including privatization, and thus promote a more positive business climate and improved competitiveness for Croatian companies and exports.

SEED programs will continue to provide essential funding to help Croatia strengthen democratic institutions, complete implementation of the Dayton Accords, including full cooperation with ICTY, and carry out the economic reforms needed to develop a dynamic, competitive private sector.

To strengthen democratic institutions, U.S. assistance focuses on more effective citizen participation, improved governance, support for the development of a vibrant NGO community, including the necessary NGO legislation, and acceleration of the return and sustainable reintegration of refugees and displaced persons.

SEED support for infrastructure reconstruction and economic revitalization in the regions most affected by the war will peak in 2002. We expect the rebuilding component to be completed by 2003. However, we will continue our support for social sector and economic revitalization programs to address the issues of high unemployment (nearly 22 percent), slow business growth and job creation, mounting government debt, and lack of investment.

U.S. Government assistance in FY 2003 includes a gamut of security-related programs. PKO funds will continue support of the Office of Security and Cooperation in Europe (OSCE) Mission in Croatia, which focuses primarily on refugee return and property reparation and democracy issues.

As a member of the Partnership for Peace (PfP), Croatia will receive Foreign Military Financing in FY 2003, as it has since 2000. This will include acquisition of tactical radios to enhance NATO-compatible communications, purchase of computers/software to integrate radar systems, and purchase of tactical simulations systems to enhance unit training. The Croatian armed forces has embarked on a major undertaking to restructure, downsize, and then develop greater interoperability and commonality with NATO. International Military Education and Training (IMET) funds are aimed at instilling in Croatian military officials appreciation for and understanding of the proper role of the military in a democracy. IMET assistance will continue to promote the professionalization and democratization of the Croatian armed forces and will include training on national security planning, how to structure peace support operations, and English language training.

In FY 2003, Croatia will again be eligible to receive grant Excess Defense Articles (EDA) under Section 516 of the Foreign Assistance Act. The transfer of EDA will help Croatia meet defense requirements and enhance Croatia's ability to participate alongside NATO forces in crisis response operations, in PfP exercises, and other activities.

As part of its efforts to prevent the proliferation of weapons of mass destruction, their delivery systems, related technologies, and other weapons, the United States is providing Export Control and Related Border Security Assistance funds under Nonproliferation, Anti-terrorism, Demining, and Related Programs (NADR) to help establish a fully effective export control system in Croatia. FY 2003 NADR funding will be provided for the legal and licensing aspects necessary for a strong export control system and initial enforcement training.

Cyprus
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
ESF	14,967	15,000	15,000
NADR-EXBS	100	55	260

The United States has a longstanding interest in facilitating a comprehensive settlement on Cyprus. Because the conflict on Cyprus involves NATO Allies Greece and Turkey, tensions on Cyprus undermine regional stability in the Eastern Mediterranean.

Cyprus has been divided since the Turkish military intervention of 1974, following a coup d'etat directed from Greece. Since 1974 the southern part of the island has been under the control of the Government of the Republic of Cyprus. The northern part is ruled by a Turkish Cypriot administration. In 1983 that administration proclaimed itself the "Turkish Republic of Northern Cyprus" ("TRNC"). The "TRNC" is not recognized by the United States or any other country except Turkey. The two parts are separated by a buffer zone patrolled by the United Nations Peacekeeping Force in Cyprus (UNFICYP).

In FY 2003, we are requesting Economic Support Funding (ESF) to continue to support UN efforts to achieve a comprehensive settlement on the island. ESF supports programs and activities that encourage tolerance, cooperation, and trust between Greek Cypriots and Turkish Cypriots. These programs and activities are expected to support a settlement by:

- Strengthening each side's ability to compromise on a just and lasting settlement.
- Providing opportunities for multi-sectoral contacts to increase the number of stakeholders in a solution.
- Promoting tolerance and mutual understanding among individuals, businesses and groups.

Most of the funding requested would be used to support bi-communal projects that promote institutional development and civil society. The remaining amount would be available for scholarships, short-term training, and other politically sensitive bi-communal projects.

The United States also provides Export Control and Related Border Security Assistance (EXBS) funds under Nonproliferation, Anti-terrorism, Demining, and Related Programs (NADR) to help establish fully effective export controls in Cyprus. U.S. funding in FY 2003 will continue to focus on effective enforcement procedures and capabilities, including the provision of equipment.

Czech Republic
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
FMF	8,981	10,000	11,000
IMET	1,370	1,800	1,900
NADR-EXBS	317	200	400

U.S. interests in the Czech Republic center on its development of a modern military able to meet its own defense needs and contribute fully to NATO missions. The Czech Republic will host the 2002 NATO Summit. The United States supports ongoing economic reforms intended to promote Czech prosperity and eventual integration into the European Union, thus providing an environment in which U.S. business interests can thrive. The Czech Republic has been a stalwart partner in the war against terrorism.

Helping the Czech Republic continue its progress on military modernization will maximize its contributions to NATO's role in European security and help lay the groundwork for future successful enlargements. Foreign Military Financing (FMF) and International Military Education and Training (IMET) programs are essential to helping the Czech Republic realize NATO force goals. Reform and restructuring of the Czech military, particularly in the area of personnel, will continue through 2003, and U.S. assistance will have maximum impact during this period. FY 2003 FMF and IMET funds will build upon and complement Czech funding available for defense requirements. Despite the fact that it still faces severe economic difficulties, the Czech Republic continues to meet its commitment to increase defense spending as a percentage of GDP. The Czech Army is small but capable and has contributed to allied efforts in Bosnia and Kosovo, as well as to Operation Enduring Freedom.

FY 2003 security assistance funds are aimed at improving Czech interoperability with NATO. FMF funding will be used to broaden and to intensify English language training; develop a professional non-commissioned officers corps; improve combat service support, including development of a more sophisticated logistics system; modernize command, control, communications, computers, and intelligence capability; procure combat equipment, training, and munitions for special forces designated to participate in NATO crisis response; and develop a simulation center for advanced combat and combat-support training.

The proposed FY 2003 IMET funding will provide training activities to support the above goals, especially professionalization of the military, improvements in combat service support and logistics systems, and development of a professional non-commissioned officers corps. IMET funds will also be used to continue support for development of the junior to mid-level officer corps. The Czech Republic will be eligible in FY 2003 to receive grant Excess Defense Articles (EDA) under section 516 of the Foreign Assistance Act. The transfer of EDA will assist the Czech Republic in meeting defense requirements, enacting defense reforms, and furthering interoperability.

As part of its efforts to prevent the proliferation of weapons of mass destruction (WMD), delivery systems, related technologies, and other weapons, the United States is providing Export Control and Related Border Security Assistance (EXBS) funds under Nonproliferation, Anti-terrorism, Demining, and Related Programs (NADR) to strengthen established export controls in the Czech Republic. FY 2003 NADR funding will focus primarily on bringing the Czech Republic's export control regime into conformity with EU standards.

The Support for East European Democracy (SEED)-funded Democracy Commission program, administered by the American Embassy, gives small grants to support grassroots, indigenous non-governmental organizations engaged in building social and intellectual foundations in the Czech Republic.

Estonia
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
FMF	6,186	6,250	6,750
IMET	750	1,000	1,100
NADR-EXBS	301	68	100
NADR-HD	0	200	0
Peace Corps	739	486	0

Security and long-term stability in Northern Europe hinge on the Baltic States – their integration into Euro-Atlantic security and economic structures and their relations with Russia. Tensions between Russia and the Baltic States affect U.S.-Russian and U.S.-Nordic relations. Estonia has set the pace for the former Soviet Baltic republics for integration into Western economic structures, having been the first to receive European Union (EU) candidate status. Estonia's success has become a motivating factor for these now-independent states. Estonia's integration into the EU will make it and Finland the only EU states bordering Russia, enhancing its strategic influence. Continued reinforcement and enlargement of Estonia's external and internal security enhances regional security efforts. We can accomplish these goals by sustaining Estonia's movement into Western security structures, by nurturing the continued development of a civilian-controlled and NATO compatible military, and by assisting Estonia to graduate from a net security user to contributor within four years. Estonia stood by NATO, EU, and UN actions to fight terrorism after September 11, ratified the International Convention for the Suppression of Financing of Terrorism, and offered troops to serve in a Danish-led contingent to the Kyrgyz Republic as part of Operation Enduring Freedom.

After its initial successful focus on accession talks with the WTO and EU, Estonia now has begun to give higher priority towards security aspects of NATO integration. Current defense spending stands close to 1.8 percent of GDP, and the defense budget is projected to reach 2 percent of GDP by 2003.

Foreign Military Financing (FMF) will continue to be used to sustain Estonia's effort to become fully interoperable for participation in NATO, Partnership for Peace (PfP), and NATO-associated operations, to include peacekeeping, peace enforcement, and humanitarian assistance. The FY 2003 FMF request will provide the Estonian military with needed defense articles, services, and training. FMF funding will target enhancement of NATO-compatible communications infrastructure, modernization of tactical and combat vehicles and airfield equipment, continued support for the Regional Air Surveillance Coordination Center (RASCC) and the Air Support Operations Center (ASOC), support for previous Excess Defense Articles (EDA) transfers, and English language training.

As Estonia prioritizes resources for its own legitimate defense needs and for its contribution to the overall security of Europe, FY 2003 International Military Education and Training (IMET) funds will continue to assist in the professionalization of the military. IMET will provide necessary leadership and administrative skills to more junior officers, who have replaced former Soviet-trained officials. IMET will also provide Estonia's military and Ministry of Defense civilians access to such expanded IMET courses as defense resources management and civil-military relations.

Estonia will be eligible in FY 2003 to receive grant EDA under Section 516 of the Foreign Assistance Act. The transfer of EDA will assist Estonia in meeting defense requirements, and furthering defense and NATO interoperability.

As part of its efforts to prevent the proliferation of weapons of mass destruction, their delivery systems, related technologies, and other weapons, the United States is providing Export Control and Related Border Security Assistance funds under Nonproliferation, Anti-terrorism, Demining, and Related Programs (NADR) to help establish fully effective export controls in Estonia. The FY 2003 NADR export controls request is focused primarily on improving export authorization procedures and, through the regional nonproliferation advisor program, improving enforcement procedures and capabilities.

The Support for East European Democracy (SEED)-funded Democracy Commission program, administered by the American Embassy, gives small grants to support grassroots, indigenous non-governmental organizations engaged in building the social and intellectual foundations of democracy in Estonia.

Federal Republic of Yugoslavia
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
ESF	14,256	0	0
FMF	0	0	1,000
IMET	0	0	300
NADR-EXBS	0	31	100
SEED	172,120	165,000	135,000
P.L. 480 Title II	33,978	0	0

Ensuring that democratic and economic reforms in the Federal Republic of Yugoslavia (FRY) take hold is crucial to promoting peace and stability within South East Europe. U.S. assistance can help transform the FRY into a key building block for lasting peace and stability in the region. U.S. assistance to the FRY and its two constituent republics (Serbia and Montenegro) is vital to consolidating the democratic transition in Belgrade and the gradual reintegration of a prosperous FRY into Euro-Atlantic institutions. U.S. assistance can help advance this goal by assisting in building civil society and democratic institutions and supporting economic reforms undertaken by governments in Belgrade and Podgorica. The FRY has cooperated with the United States on implementing financial sanctions against terrorist groups and has established an anti-terrorism task force.

Support for Eastern European Democracy (SEED) assistance has allowed Belgrade to make substantial progress on implementing economic reforms and maintaining popular support for political and economic reforms. SEED funding has provided critical humanitarian assistance especially in areas still plagued by ethnic tensions and instability. Programs specifically targeting Southern Serbia and the Presevo Valley help ensure stabilization of the area along the administrative boundary line with Kosovo.

FY 2003 SEED funds requested for both Serbia and Montenegro will be used to sustain the reform processes in Yugoslavia. Federal, Serbian, and Montenegrin governments have pledged to continue with democratic reforms and to make progress on badly needed economic and legal reforms.

SEED funds will target programs to strengthen democracy and civil society involving local government and community development, media, non-governmental organizations, political parties, and rule of law issues including judicial reform. To speed stabilization of the situation in southern Serbia, programs continue to target economic reform and community development. SEED funds will also be used for pre-election assistance in the event federal or republic elections are called.

FY 2003 SEED funds will also be used to provide technical assistance for economic restructuring and reform, including the areas of fiscal, budget, and banking reform, as well as to assist private sector development. U.S. assistance is designed to accelerate the growth of private enterprise by creating a competitive and efficient free-market economy through stabilization, restructuring, and integration into regional and world markets. Stabilization is focused principally on the banking and financial systems and on the fiscal regime, while restructuring involves the transfer of state-owned assets to the private sector and the reform of the institutions and the legislative, regulatory, and judicial frameworks necessary to ensure effective markets.

The certification provisions in the FY 2001 and FY 2002 Foreign Operations Appropriations Acts made continuation of U.S. assistance to Serbia contingent on progress on cooperation with the International Criminal Tribunal for the former Yugoslavia (ICTY), steps to improve respect for the rule of law and

minority rights, and steps consistent with Dayton to end financial, political, security, and other support which has served to maintain separate Republika Srpska institutions. The Administration has integrated our assistance programs into our ongoing diplomatic campaign to promote progress by FRY and Serbian authorities on ICTY cooperation, boost efforts for the rule of law and respect for minority rights, and compliance with the Dayton Accords.

As part of its efforts to prevent the proliferation of weapons of mass destruction, their delivery systems, related technologies, and other weapons, the United States is providing Export Control and Related Border Security Assistance funds under Nonproliferation, Anti-terrorism, Demining, and Related Programs (NADR) to help establish a fully effective export control system in Yugoslavia. FY 2003 NADR funding is requested to develop the laws and regulations of a strong export control system, as well as to provide initial training for export control enforcement personnel.

Activity in security cooperation with the FRY since the democratic transition has been limited to sending a small number of FRY personnel to Marshall Center programs. For FY 2003, we plan to continue low-level contacts, such as the Marshall Center program, and to offer professional military education under the IMET program, as well as courses under the Expanded IMET program that focus on military justice and the rule of law, human rights, civilian control of the military, and defense resource management. Further progress in our bilateral military relations and expansion of these kinds of assistance programs will be dependent on FRY efforts to reform their military and improve the nonproliferation and export control behavior of FRY defense and export entities.

The FY 2003 budget requests Foreign Military Financing (FMF) to begin the task of helping reform the Yugoslav military along the lines necessary for potential PfP membership and activity and, if desired by NATO and Belgrade, an eventual NATO Membership Action Plan. The resumption of FMF funding for the FRY is designed to help their armed forces purchase equipment that will enable FRY armed forces to operate with NATO and Partnership for Peace countries. While there have been no discussions yet of the types of equipment to be purchased, the most likely category would be U.S. manufactured communications equipment.

Georgia
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
FMF	4,490	11,000	7,000
FSA	92,808	89,010	87,000
IMET	481	850	1,200
NADR-HD	1,000	1,100	1,100
Peace Corps	1,172	1,224	1,192
P.L. 480 - Title II	9,205	0	0

The United States has both strategic and economic interests in promoting Georgia's political and economic stability. Situated at the crossroads of Russia, Iran, and Turkey, Georgia could play a key role in furthering U.S. interests. A front-line state, Georgia has been a strong supporter in the war on terrorism, granting the United States overflight rights and basing permission. By enhancing Georgia's ability to control its borders, the United States works to reduce the chances of conflict in the region and helps block the transit of terrorists into and out of the North Caucasus. With the completion of oil and gas pipelines in the next few years, Georgia will become a key conduit through which Caspian Basin energy resources will flow to the West, facilitating diversification of energy sources for the United States and Europe.

U.S. assistance to Georgia enhances its territorial integrity and promotes regional security; supports market-based economic reform; strengthens civil society and promotes a participatory democracy; and helps relieve human suffering. In FY 2003, the United States plans to continue a range of security-related programs to improve Georgia's ability to monitor and combat terrorism; prevent the flow of weapons, narcotics, and other contraband material across the borders; and pursue military reform.

Under the Foreign Military Financing Program (FMF), we will provide the Georgian military with defense articles, services, and training it needs to improve counterinsurgency capabilities, take steps toward military reform and promote its participation with NATO through the Partnership for Peace. A major goal of training programs is to promote consolidation and professionalization of the military. Through the FMF program, we will provide essential assistance for a targeted "Train and Equip" program, including equipment such as communications gear, winter clothing, ammunition, vehicles, aviation assets, training, and spare/repair parts to support Georgia's UH-1 program. The International Military Education and Training (IMET) program helps Georgian soldiers to develop the English-language and professional military skills necessary to augment Georgia's participation in the Partnership for Peace (PfP) and its interoperability with NATO.

Georgia will be eligible in FY 2003 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. The transfer of EDA will assist Georgia in meeting defense requirements, enacting defense reforms, and furthering interoperability.

Through the FREEDOM Support Act (FSA)-funded Border Security and Law Enforcement program, the United States will continue to provide the necessary equipment, such as radios, remote sensors, surveillance, and detection equipment; logistical and infrastructure support; and training to help Georgia's Border Guards maintain an active presence on the Georgian-Russian border. This program enabled the Georgian government to resist pressure to allow the Russian military to pursue Chechen rebels onto Georgian territory. FSA funds also provide technical export control legal, licensing, and regulatory training and equipment to give Georgia the necessary legal, technical, and operational capability to prevent the spread of dual use equipment and technology. Additional assistance through both the FSA under the

Civilian Research and Development Foundation (CRDF) and the Nonproliferation, Anti-terrorism, Demining, and Related Programs (NADR)-funded Science and Technology Centers programs provides peaceful research and employment opportunities for former-Soviet weapons experts in Georgia, with a view to preventing the spread of their expertise to rogue states or terrorist organizations.

U.S. economic assistance under the Freedom Support Act supports Georgian government efforts to reform legal and regulatory systems, privatize the economy, implement budgetary reforms, achieve fiscal stability, and fight corruption. There are now more than one million holders of agricultural land titles in Georgia, largely due to a U.S. Government program that advised the Georgian parliament on land privatization, helped register land parcels, and supported landowners associations that serve as advocates for the rights of a new class of private farmers. Lack of political will and corruption have been serious impediments to economic reform. As a result, FSA funding in FY 2003 will continue to emphasize assistance programs devoted to the non-governmental sector, including agriculture, and business support and credit programs that help small and medium private businesses.

U.S. humanitarian assistance has helped improve the lot of the more than 300,000 Georgians who lost their homes during civil conflicts in Abkhazia and South Ossetia. For the last several years, the FSA-funded Georgia Winter Heat Assistance Program (GWHAP) has paid heating bills for the poorest Georgians. During the winter of 2002, more than a quarter million poor Georgians and hundreds of hospitals, orphanages, and facilities housing internally displaced persons received GWHAP assistance. This program will continue in 2003.

In addition to easing human suffering, GWHAP supports our broader effort to reform the energy sector by providing essential revenues to the private firms that now produce and distribute electricity for Tbilisi. To ensure that the program improves Georgia's long-term energy security, some U.S. funding is conditioned on the Georgian government's meeting key goals in the national energy strategy, which the United States helped develop.

The United States provides other humanitarian assistance through the NADR-funded Humanitarian Demining program. In FY 2003, the demining program will continue to address the threat of landmines and unexploded ordnance from the civil conflict in and around the Abkhazian region of Georgia. Past funding has already helped to train and equip a team of Georgian deminers to UN standards, but much more work needs to be done.

When measuring the progress of democratic reform, Georgia stands out among its neighbors. Non-governmental organizations (NGOs), many of which have benefited from U.S. assistance, are numerous and active, and the independent media is among the strongest in the former Soviet Union. FSA-funded programs have opened seven public access Internet sites in Georgia, and three more are on the way. Georgia has made significant progress on legal reform, although implementation of the new laws is often lacking. U.S. assistance programs have helped to establish a merit-based process for selecting judges.

FY 2003 FSA assistance will continue to support democratic and legal reform through existing programs. U.S. support for the Georgian Foundation for Strategic and International Studies and for the Georgian Institute for Public Affairs provides training and outreach opportunities for Georgian government officials, NGO leaders, and journalists. A particular focus of U.S. democracy assistance has been the development of a Western-oriented and trained generation of young Georgians. The American Academy in Tbilisi provides a model U.S.-style high school education with U.S.-trained teachers. Nearly 3,000 Georgians have participated in U.S. exchange programs since 1992. In FY 2003, funding will continue support for this and other education/exchange programs.

Greece
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
IMET	25	500	600

Greece is a key NATO ally strategically located near Balkan and Middle East trouble spots and essential to allied ability to respond concretely to Southern European contingencies. Greece facilitated the movement of NATO troops and humanitarian aid to Kosovo and plans to contribute over \$500 million to Balkan reconstruction. Greece has offered full support for Operation Enduring Freedom.

As a member of NATO and the EU, Greece is a role model for its neighbors and a leading participant in international efforts to promote stability, development, and democracy in the Balkans. Greece is central to U.S. efforts to encourage the peaceful resolution of disputes in the Aegean region and a settlement on Cyprus. The United States also seeks to assist Greece in fulfilling its responsibilities to NATO, to strengthen cooperation on counter-terrorism, and to promote U.S. business interests.

By training Greek officers in the United States and establishing cooperative ties to the U.S. military, the International Military Education and Training (IMET) program contributes to the professionalization and strategic awareness of the Greek military and thus to U.S. interests. Greece has used IMET funds from past years to help sustain a modern military capable of fulfilling Greece's NATO responsibilities. Greek IMET graduates continue to advance into senior positions, providing a base of responsible and broadly-informed military leaders.

FY 2003 IMET funding will support Greek involvement in multinational regional peacekeeping (three separate operations), Balkan stabilization efforts, and cooperative programs with other regional NATO allies and Partnership for Peace members. Greece has taken positive steps with Turkey to reduce military tensions, consistent with the general rapprochement in their bilateral relations. IMET will create opportunities for the Greek and Turkish militaries to increase contact and cooperation.

Greece is also a recipient of Excess Defense Articles (EDA), consistent with its readiness needs and NATO obligations. Greece will be eligible in FY 2003 to receive grant EDA under Section 516 of the Foreign Assistance Act. Transfer of grant EDA to Greece is consistent with U.S. and NATO efforts to promote regional stability in Southeastern Europe and the Eastern Mediterranean. As one of the few NATO allies bordering on the volatile Balkan region, the United States has asked Greece in recent years to participate more broadly than before in important regional peacekeeping missions: Bosnia, Albania, and Kosovo. Greece is also active in the Multilateral Peacekeeping Force Southeast Europe (MPFSEE) and may use EDA in related regional missions - all of which are intended to promote regional stability.

Hungary
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
FMF	8,981	10,000	11,000
IMET	1,394	1,800	1,900
NADR-EXBS	371	240	270

The primary U.S. national interest in Hungary is the promotion of a stable, democratic, market-oriented NATO ally that enhances the security of the Central European region and actively participates in Alliance operations. Two weeks after joining NATO, Hungary provided airbases for NATO operations in Kosovo. Later, Hungary provided shelter for more than 20,000 refugees from Yugoslavia. Hungary has maintained an engineer battalion in Bosnia for several years and has deployed a combat battalion to KFOR since the start of the operation in the summer of 1999.

The Government of Hungary (GOH) has supported the campaign against terrorism. Post September 11, the GOH was strongly in favor of invoking NATO Article V, offered immediate search and rescue assistance for New York/Washington, pledged \$1 million for Afghan humanitarian assistance, granted overflight/landing/basing rights for U.S./NATO forces, and offered a military medical unit for use by the Coalition.

Due to successful economic and democratic development, Hungary has graduated from Support for Eastern European Democracy (SEED) assistance. Hungary has kept its commitment of increasing its defense budget and is also following through on its plan to free more resources for modernization and interoperability by reducing military personnel, closing redundant bases, and restructuring military forces.

Through Foreign Military Financing (FMF) and International Military Education and Training (IMET) assistance, the United States is able to participate directly in Hungary's modernization efforts, building cooperation and improving the Hungarian Defense Forces capabilities. Hungary has focused previous FMF assistance on tactical communications and computer equipment, Hungary's Air Sovereignty Operations Center (ASOC), and a contractor-assisted force modernization study. The latter was used as input for the Security and Defense Principles document promulgated by the Hungarian Parliament in December 1999 and formed the basis for Hungary's Strategic Defense Review and the blueprint for military reforms. In FY 2003, FMF will be used to support programs that further Hungary's reforms. The United States will also extend FMF as a means to develop leadership and personnel management systems. Other Ministry of Defense priorities utilizing FMF will directly relate to meeting NATO force goals. Funds will be used to procure equipment that enhances Hungary's C4I (communications, command, control, computerization, and intelligence capabilities) and NATO interoperability. For example, FMF funds will support the procurement of U.S. radios and data processing equipment, search and rescue equipment, and chemical detection equipment.

IMET funds have complemented our use of FMF and supported the larger goals of NATO integration and defense reform by providing much needed exposure to American doctrine, tactics, and leadership for Hungarian officers and non-commissioned officers (NCOs) at all echelons of command. In FY 2003, Hungary plans to expand the number of NCOs receiving IMET training in civil-military relations and defense resource management.

Hungary has maintained a strong nonproliferation record over the last several years, implementing stringent legal controls on exports of dual-use equipment and arms. As part of its efforts to prevent the proliferation of weapons of mass destruction, their delivery systems, related technologies, and other weapons, the United

States is providing Export Control and Related Border Security Assistance funds under Nonproliferation, Anti-Terrorism, Demining, and Related Programs (NADR) to further strengthen established export and border controls in Hungary.

Hungary will continue to be eligible in FY 2003 for Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. The transfer of EDA will assist Hungary in meeting defense requirements and will further interoperability.

Ireland
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
ESF	29,934	30,000	29,000

A permanent political settlement to the conflict in Northern Ireland is a priority foreign policy goal of the United States. The Northern Ireland conflict has been a major preoccupation for both the British and Irish governments, a serious drain on their resources, and a breeding ground for terrorism. The U.S. goal is to assure the full implementation of the “Good Friday” peace agreement, which provides the best opportunity for lasting peace and reconciliation in the province.

With Economic Support Funds, the United States supports two programs that contribute to the implementation and sustenance of peace: the International Fund for Ireland (IFI) and the Irish Peace Process Cultural and Training Program of 1998 (the Walsh Visa Program).

The annual U.S. contribution to the IFI helps foster economic regeneration, job opportunities, and cross-community cooperation in Northern Ireland and the border counties of Ireland. The IFI was established by the British and Irish governments in 1986 to promote economic and social advancement and to encourage contact, dialogue, and reconciliation between nationalists and unionists throughout Ireland and Northern Ireland. In addition to the United States, the European Union, Canada, Australia, and New Zealand contribute to the Fund.

The FY 2003 request will help support job creation and the expansion of private sector activities. Disbursements from the Fund are made on the basis of equality of opportunity and nondiscrimination in employment, addressing needs in both Catholic and Protestant communities. The fund has underwritten over 5,000 projects in the areas of urban development, education, tourism, community infrastructure, and assistance to small businesses. The thousands of jobs created have opened opportunities for young adults who might have otherwise gravitated to paramilitary groups.

The FY 2003 ESF funding request for the Walsh Visa Program is for the third and last program year. The Walsh Visa program supports economic regeneration and peace and reconciliation in Ireland and Northern Ireland. Signed into law in October 1998, the law established a program for young people who are residents of Northern Ireland and the border counties of the Republic of Ireland to “develop job skills and conflict resolution abilities.” Up to 4,000 non-immigrant visas were authorized in each of three years to enable participants with confirmed job offers to enter the United States and work up to 36 months.

The first group entered the United States in March of 2000. For FY 2003 we expect no new arrivals, but will use the requested funding to provide support for those participants in the United States until their return home.

Kazakhstan
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
CSD	200	0	0
FMF	1,896	2,750	3,000
FSA	45,699	45,015	43,000
IMET	583	800	1,000
NADR-EXBS	605	370	1,750
Peace Corps	2,206	3,027	2,610
ERF-NADR-EXBS	0	2,000	0

Kazakhstan is a front-line state whose strategic importance to the United States continues to grow. In addition to its vast hydrocarbon reserves, Kazakhstan is located between Russia and China, and neighbors Iran and Afghanistan. The United States seeks to promote Kazakhstan's development as a stable, independent, democratic, market-oriented, and prosperous state that has good relations with its neighbors and strong links to the West.

Key U.S. interests with respect to Kazakhstan are: (1) encouraging development of the Caspian basin's hydrocarbon resources and means for their secure access to international markets; (2) continued cooperation on dismantling weapons of mass destruction (WMD) infrastructure and redirecting WMD expertise; (3) encouraging economic liberalization and diversification away from over-dependence on the energy sector; and (4) promoting Kazakhstan's long-term political stability through the development of democratic institutions, the rule of law, and respect for human rights. In support of Operation Enduring Freedom, Kazakhstan has offered the United States overflight and basing privileges. Kazakhstan has also adopted an accelerated schedule to accede to five remaining international counterterrorism conventions and to adopt money-laundering legislation.

In FY 2003, the United States plans to continue a range of assistance for Kazakhstan under the FREEDOM Support Act (FSA), including conflict prevention measures in the south, support for small and medium enterprises, improved management of critical natural resources, improving primary health care, strengthening civil society and citizen participation, promoting broad-based citizen dialogue and community participation, and sending students on academic exchanges to the United States. In addition, FSA programs will continue to support nonproliferation cooperation.

U.S. economic assistance under the FSA will continue to enhance Kazakhstan's role as a leader of private sector reform in Eurasia. The program seeks to strengthen financial institutions and increase availability of business loans and other forms of finance. U.S. assistance programs have led to over 200 percent growth in Kazakhstan's corporate bond market. The health care reform program is restructuring health systems to develop new primary care practices and is contributing to a decline in incidence of infectious diseases. The water management program will continue to focus on models that demonstrate simple, inexpensive, and easily replicated technology and practices.

Kazakhstan has yet to show a firm commitment to democratic values; the government continues to attempt to control and stifle critical political groups and independent media. Concern is growing among the human rights, non-governmental organization (NGO), and media community in Kazakhstan that the country will backslide toward increased authoritarianism. NGOs allege that most large media outlets are controlled by members of the president's family and his close circle of friends through holding companies. In the face of these challenges, FSA democracy assistance programs are working to promote democratic culture among

citizens and grassroots civic organizations and to develop more effective, responsive, and accountable local government. These programs are enhancing the free flow of information by supporting access to the Internet and training independent journalists. Exchange programs will continue to provide Kazakhstani youth and professionals in a range of fields the opportunity to learn how the U.S. democratic system functions. NGOs that have received FSA-funded assistance have led a number of significant advocacy campaigns in the areas of trade and consumer rights, media law, a new student contract with universities, and Kazakhstan's first NGO law.

Kazakhstan is a former nuclear weapons state that is working cooperatively with the United States and others to dismantle Soviet nuclear, biological, and chemical weapons infrastructure and expertise and conventional arms and related dual-use technology. Our nonproliferation assistance programs address these potential sources of proliferation. Funds requested under the FSA and Nonproliferation, Anti-terrorism, Demining, and Related Programs (NADR) accounts will continue to help prevent, deter, detect, and interdict threats of proliferation, ensure the security of nuclear materials at nuclear facilities, redirect former Soviet weapons expertise into peaceful projects, and enhance Kazakhstan's capabilities and infrastructure to control exports and secure its borders. This includes funding for the Civilian Research and Development Foundation, Science Centers, Bio Redirection Assistance, and Export Control and Border Security Assistance programs.

The FY 2003 Foreign Military Financing (FMF) and International Military Education and Training (IMET) programs for Kazakhstan will continue to enhance regional cooperation by deepening Kazakhstan's cooperation in Partnership for Peace (PfP), and will also address Kazakhstan's military reform efforts. A large portion of FMF will be devoted to the refurbishment of a strategically located air base. Refurbishment of this base will improve U.S.-Kazakh military cooperation while establishing a U.S.-interoperable base along the oil-rich Caspian. Some FMF will also be used to purchase interoperable communications equipment, night vision devices, basic individual equipment, transportation, medical supplies, and infantry equipment. IMET funds will help facilitate professionalization and reform of the armed forces and help Kazakhstani officials better understand Western democracy and free markets.

Kazakhstan will be eligible in FY 2003 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Provision of EDA will assist the country to meet its defense requirements and further NATO interoperability. The BN-350 breeder reactor in Aktau, Kazakhstan, is in standby condition. Using Defense Nuclear Nonproliferation (NN) and FSA funds, the Department of Energy is leading USG efforts to continue cooperation with Kazakhstan on the long-term secure storage of spent fuel from the BN-350 reactor at Aktau.

U.S. humanitarian assistance and special transport of donated humanitarian goods under the FSA will allow the United States to help Kazakhstan address specific, compelling social needs.

Kosovo
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
PKO	11,000	14,500	12,500
SEED	149,670	118,000	85,000

In 1999, the United States fought its biggest military campaign in Europe since 1945 to defend the human rights of Kosovars against the continued oppression of the Milosevic regime. It also undertook a commitment, as part of a larger international effort, to promote the political and economic stability of Kosovo. With the November 2001 elections, Kosovars took the first step toward establishing provisional institutions of self-government and gradually taking over authorities that were managed by the UN Interim Administration in Kosovo (UNMIK).

U.S. assistance programs in Kosovo complement those of other donors. The European Union and European bilateral donors are the lead donors, providing the majority of assistance for housing and reconstruction of large-scale physical infrastructure in Kosovo. In FY 2002, U.S. assistance will continue to support a stable Kosovo by promoting new self-governing institutions and a market economy that is integrated into the rest of Europe. Above all, program funding fosters the development of internal conditions that enable the earliest possible withdrawal of NATO-led troops (including U.S. personnel) from Kosovo. Achieving these conditions will contribute to the stability and economic development of the Balkan region.

Peacekeeping Operations (PKO) funds in FY 2003 will be used to support the Organization for Security and Cooperation in Europe's (OSCE) Mission in Kosovo (OMIK), which is tasked to support the development of democratic structures and to promote a vibrant civil society in Kosovo. The OSCE is one of the four pillars that make up UNMIK. OMIK concentrates its work on human resource capacity building (police, judiciary, civil administrators); democracy and governance projects (non-governmental organization development, citizens forums, political parties, local media); and organization, supervision, and monitoring of elections.

FY 2003 Support for East European Democracy (SEED) funds will remain committed to programs that promote rule of law, good governance, human rights, and economic development. Law enforcement and administration of justice remain critical to preserving public safety and rule of law in Kosovo. The United States will continue to support the UNMIK International Police Force and train and equip the Kosovo Police Service (KPS). Limited SEED funding will also support training for the Kosovo Protection Corps (KPC), a multi-ethnic body of personnel available to assist in natural and humanitarian disasters and community-level reconstruction activities.

Institution building and democracy programs will remain important components of SEED funding in FY 2003. We intend to boost the capacity of the Provisional Institutions of Self-government and municipal government through training, advisory services, and material donations. Aid targets will also include media, professionals, students, and civic leaders. Human rights activities, including the identification of missing persons, will also continue.

Kosovo's economic recovery is a fundamental objective of U.S. assistance. The United States will provide technical assistance and advisory services in key functions, such as budgeting and finance and private enterprise development. The United States has been successful in catalyzing grassroots economic activity as well. USAID's programs in micro-lending and community and NGO development will round out the U.S. contribution to Kosovo's economic recovery.

Kyrgyz Republic
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
FMF	1,846	2,000	4,000
FSA	32,997	34,988	36,000
IMET	380	600	1,100
NADR-EXBS	0	0	1,200
Peace Corps	1,130	862	955
ERF-NADR-EXBS	0	3,500	0

The United States seeks to promote peace and stability in the countries of Central Asia, a crossroads between Asia and the West, and to prevent the spread of radical groups and terrorists. The United States seeks a renewal of the Kyrgyz Republic's earlier progress toward creation of a democracy based on the rule of law and civil society – one that functions on free-market economic principles, is at peace with its neighbors, is integrated into the world economy, and has the capability to provide for the welfare of its citizens. The Kyrgyz Republic, a front-line state, is providing crucial support for the coalition against terrorism, most notably in authorizing the basing of coalition aircraft and military personnel on Kyrgyz territory.

U.S. assistance to the Kyrgyz Republic enhances its sovereignty and territorial integrity and improves its ability to protect human rights; halt environmental degradation; prevent weapons proliferation, drug trafficking, and other illicit smuggling; and combat transnational terrorism more effectively.

In FY 2003, the United States plans to increase FREEDOM Support Act (FSA)-funded economic and technical assistance to programs for small and medium enterprises, strengthening civil society, conflict mitigation, student exchange, and health reform. A range of security-related assistance programs for the Kyrgyz Republic will be funded from various accounts: FSA; Nonproliferation, Anti-terrorism, Demining, and Related Programs (NADR); Foreign Military Funding (FMF); and International Military Education and Training (IMET).

U.S. economic assistance under the FSA helps the private sector create free and viable markets where micro, small, and medium private enterprises can thrive. FSA-funded programs have helped the Kyrgyz Republic lead Eurasia in accounting reform and become fully compliant with international standards. FSA assistance programs also facilitated the adoption of flat fees for business licenses, significantly reducing opportunities for corruption. FSA programs have also helped the Kyrgyz Republic become a regional leader in health reform with the completion of a major restructuring of its health delivery system. People now have the right to choose their own doctors, 48 percent of whom have completed standard retraining courses. A new, transparent hospital co-payment system means citizens in two oblasts are paying less than they previously paid under the table.

While the Kyrgyz Republic has been ahead of its neighbors in the region in the development of civil society and democracy, the past year has witnessed increasing challenges to independent media and political opposition. U.S. democracy assistance under the FSA to the non-governmental sector will provide a higher level of direct support for organizations threatened by an increasingly unfavorable economic and regulatory environment. Support for independent media and Internet access will also continue. Other programs will continue work with local governments and citizens to strengthen the accountability of government and the involvement of citizens. Exchange programs will continue to target the next generation of Kyrgyz leaders as well as professionals in a range of fields critical to democratic and market transition. U.S. assistance will

expand in the area of education reform, with programs focusing on civic education, further development of the American University of Kyrgyzstan, and a pilot project to reform the highly corrupt system of university admissions and scholarship distribution by working with the Ministry of Education to develop an independent testing program.

In FY 2003, the United States will continue programs in the Kyrgyz Republic to help prevent the proliferation of weapons of mass destruction (WMD), weapons technology, and expertise, including work to redirect scientists under Nonproliferation, Anti-terrorism, Demining, and Related Programs (NADR). Additional assistance for projects approved by the NADR-funded Science and Technology Center in Ukraine (STCU) will keep former Soviet weapons experts in Kyrgyzstan employed in peaceful research. Through NADR-funded Export Control and Related Border Security Assistance (EXBS) program we also will continue to work with the Kyrgyz Republic to enhance all aspects of its export control system to prevent, deter, detect, and interdict weapons proliferation, with a focus on institutionalizing effective inspection and detection training for border control personnel.

The Kyrgyz Republic regularly participates in the Partnership for Peace (PFP) and in regional and multilateral fora on security, including those sponsored by the United Nations and the Organization for Security and Cooperation in Europe (OSCE). FMF funding requested for FY 2003 will aim at further expanding our military relationship, which was enhanced following September 11, and increasing cooperation under Operation Enduring Freedom. Assistance will focus on establishing interoperability with United States and international forces and promoting critical military reform. FMF will seek to address the equipment and training shortfalls in the Kyrgyz Republic to aid the Ministry of Defense's ability to counter terrorist activities. Funding will be used to purchase basic counterinsurgency equipment, which includes individual protection equipment, mountain and cold weather gear, communications equipment, vehicles, infrastructure support, and training. FMF may also be used in coordination with FSA/ Export Control and Related Border Security Assistance (EXBS) to support spare parts, repairs, and maintenance of air assets necessary for border control and security. IMET funds will help facilitate professionalization and reform of the armed forces, provide English language training, and help Kyrgyz Republic officials better understand Western democracy and free markets.

The Kyrgyz Republic will be eligible in FY 2003 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Transfer of EDA will assist the Kyrgyz Republic to meet its defense requirements and further NATO interoperability.

As one of the poorest countries in the former Soviet Union, the Kyrgyz Republic continues to need humanitarian assistance for its most vulnerable citizens. U.S. humanitarian assistance under the FSA will fund the delivery of targeted assistance, including emergency pharmaceuticals, medical supplies/equipment, clothing, and vaccines.

Latvia
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
FMF	5,188	6,250	7,000
IMET	815	1,000	1,100
NADR-EXBS	260	1,113	1,400
Peace Corps	635	413	0

Security and long term stability in Northern Europe hinge on the Baltic States – their integration into Euro-Atlantic political, military, and economic structures, as well as their relations with Russia. The U.S.-Baltic Charter of Partnership establishes a framework for long-term cooperation in the political, economic, and security fields. U.S. assistance promotes the Charter's principles: Latvia's integration into Euro-Atlantic institutions; good-neighbor relations, including with Russia; and strengthened cooperation among the Baltic countries. U.S. defense and military assistance programs will provide material aid and training, complement allied and partner-nation support for Latvia by participating in multilateral projects, and enhance the professionalism in the Latvian defense establishment. Latvia aligned itself with NATO Article V and United Nations Security Council Resolution 1373 in the war against terrorism, passed legislation to stop the finance of terrorism, and offered troops to serve in a Danish-led contingent to Krygyzstan as part of Operation Enduring Freedom.

Since regaining independence, the Latvian military has had to build from essentially nothing into a territorial defense force with a modest capability to participate in international operations. The government's ability to procure significant new defense equipment and develop this force has been hindered by limited national funding. Nevertheless, Latvia's defense budget increased by 30 percent over the past two years and is projected to reach two percent of GDP by 2004. Essential salary reforms and quality of life projects, such as housing, that are necessary to build a professional force have been top priorities and will continue to consume a large part of these initial budget increases. The chief priority is enhancing military professionalism and NATO interoperability.

Foreign Military Financing (FMF) is, and will continue to be, critical in sustaining Latvia's effort to become more interoperable for participation in NATO, Partnership for Peace (PfP), and NATO-associated operations, to include peacekeeping, peace enforcement, and humanitarian assistance. The FY 2003 FMF request will support high priority goals, including support for the Regional Air Surveillance Coordination Center (RASCC)/Air Support Operations Center (ASOC); logistical training and support for the Baltic Naval/Demining Squadron (BALTRON), which regularly participates in multinational efforts to clear the Baltic Sea of World War II and Cold War sea mines and unexploded ordnance; enhancement of NATO-compatible communications infrastructure; defense reform contractor services; support for and transportation of excess defense articles; continued development of the national training center and a training system for commissioned and non-commissioned officers and conscripts; and English language training.

The International Military Education and Training (IMET) program also assists Latvian defense reform efforts. Latvia's FY 2003 IMET program will be used to continue developing a professional and well-educated corps of civilian defense officials and commissioned armed forces officers that strengthen support for democratic values, civilian control of the military, and adoption of doctrine, procedures, and training techniques consistent with Western democracies.

Latvia will be eligible in FY 2003 to receive grant Excess Defense Articles (EDA) under Section 516 of the Foreign Assistance Act. The transfer of EDA will assist Latvia in meeting defense requirements, in enacting defense reforms, and in furthering defense and NATO interoperability.

As part of its efforts to prevent the proliferation of weapons of mass destruction, their delivery systems, related technologies, and other weapons, the United States is providing Export Control and Related Border Security Assistance funds under Nonproliferation, Anti-terrorism, Demining, and Related Programs (NADR) to help establish fully effective export controls in Latvia. FY 2003 NADR funding will focus primarily on improving export authorization procedures and, through the regional nonproliferation advisor program, improving enforcement procedures and capabilities.

The Support for Eastern European Democracy (SEED)-funded Democracy Commission program, administered by the American Embassy, gives small grants to support grassroots, indigenous non-governmental organizations engaged in building the social and intellectual foundations of democracy in Latvia.

Lithuania
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
FMF	6,486	6,593	7,500
IMET	797	1,000	1,100
NADR-EXBS	371	748	920
Peace Corps	586	365	0

Security and long-term stability in Northern Europe hinge on the Baltic states – their incorporation into Euro-Atlantic security and economic structures and their relations with Russia. Lithuania's integration into regional security structures and its development of civilian-controlled, NATO-compatible defense forces contribute directly to U.S. national interests by increasing regional stability. Within the past decade, Lithuania has repeatedly proven its ability to sustain productive and positive relations with every country in the region. It has promoted, funded, and implemented confidence and security building measures in Belarus and in the Russian exclave of Kaliningrad, where others have not even attempted to act, or have failed. By supporting Lithuania's development of a credible deterrent force and enhancing its ability to interact with NATO forces, the United States is fostering stability and dialogue in the region. Lithuania is a firm and engaged partner of the United States in the war on terrorism.

Lithuania is committed to achieving full integration into Western security structures. With Lithuanian Americans serving as President and Chief of Defense, Lithuania clearly looks to the United States as its primary partner in enhancing security. Current defense spending stands at two percent of GDP, a level Lithuania intends to maintain in FY 2003. As Lithuania prioritizes resources for its own legitimate defense needs and for its contribution to the overall security of Europe, the International Military Education and Training (IMET) program contributes to the overall professional development of the military and exposes both military and Ministry of Defense civilian personnel to such expanded IMET courses as those in defense resource management and civil-military relations. IMET also gives necessary leadership and administrative skills to more junior officers, who effectively have replaced former Soviet-trained officials.

Foreign Military Financing (FMF) bolsters Lithuania's participation in the full range of Partnership for Peace (PfP) exercises and its expanded engagement in international peacekeeping operations, including the Polish-Lithuanian Battalion (LITPOLBAT). FMF ensures that the Lithuanian contingent of the Baltic Peacekeeping Battalion (BALTBAT) remains qualified to participate fully in peacekeeping and peace enforcement. The FY 2003 FMF request will be used to procure: additional NATO-compatible communications equipment; support for the Regional Airspace Surveillance Coordination Center (RASCC); wheeled vehicles, spare parts, and support for existing U.S. equipment; support for and transportation of various Excess Defense Articles (EDA) equipment; and English language laboratories and training. Provision of additional U.S. equipment and maintenance training needed to support the new RASCC facilitates Lithuanian and regional civilian/military airspace control and, concomitantly, the Alliance's, through shared intelligence. FMF will help Lithuanian force planners and logisticians stay focused on the practical, here-and-now steps toward meeting their Membership Action Plan/NATO milestones.

Lithuania will be eligible in FY 2003 to receive grant EDA under Section 516 of the Foreign Assistance Act. The transfer of EDA will assist Lithuania in meeting defense requirements, enacting defense reforms, and furthering defense interoperability. By offering EDA to Lithuania to complement others' contributions, the United States enhances Lithuania's NATO interoperability and helps Lithuania carry out NATO-compatible peacekeeping operations in Bosnia and Kosovo. Provision of excess equipment will contribute

to Lithuanian maritime sovereignty and facilitate Lithuania's ongoing contribution to European security through minesweeping operations.

As part of its efforts to prevent the proliferation of weapons of mass destruction, delivery systems, related technologies, and other weapons, the United States is providing Export Control and Related Border Security Assistance funds under Nonproliferation, Anti-terrorism, Demining, and Related Programs (NADR) to help establish fully effective export controls in Lithuania. FY 2003 NADR funding is focused primarily on improving export authorization procedures and, through the regional nonproliferation advisor program, improving enforcement procedures and capabilities.

The United States also provides assistance to Lithuania through the Support for East European Democracy (SEED)-funded Democracy Commission Small Grants program. This program gives small grants to indigenous non-governmental organizations (NGOs) engaged in building the social and intellectual foundations of democracy.

Macedonia
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
FMF	13,619	10,500	11,000
IMET	741	550	650
NADR-EXBS	215	180	190
Peace Corps	728	294	0
PKO	4,100	0	0
SEED	33,523	49,500	50,000

Key U.S. interests in the Former Yugoslav Republic of Macedonia (Macedonia) include restoring peace and stability in Macedonia and refocusing its energies on continued democratic and economic reforms. U.S. bilateral and regional interests lie in Macedonia's being a model of a working multi-ethnic democracy with constructive relations with neighbors and strong, stable political institutions. Macedonia played a key role as the primary refuge for hundreds of thousands of refugees and as a launching pad for U.S. and Allied military efforts during the Kosovo crisis. It continues to be the main conduit for assistance and logistics for the international forces and the UN administration in Kosovo. The United States has a compelling stake in reinforcing Macedonia against internal and external threats to its stability while supporting its internal political and economic transition and facilitating its integration into the Euro-Atlantic mainstream. The armed ethnic Albanian insurgency that emerged in northwestern Macedonia in early 2001 posed an extremely serious threat both to Macedonian and regional stability. By working to strengthen peace and stability through implementation of the Framework Agreement, Macedonia will make an invaluable contribution to stability and to the global war against terrorism.

U.S. assistance to Macedonia promotes inter-ethnic reconciliation and cooperation, supports market-based economic reform, strengthens civil society and democratic institutions, and enhances Macedonia's territorial integrity and security. U.S. focus is on short- and longer-term efforts to help restore a stable peace, reenergize the economy, strengthen Macedonia's multi-ethnic and multi-lingual civil institutions, rebuild inter-ethnic cooperation and understanding through implementation of the Framework Agreement that ended the insurgency, and assist the government and military in refocusing Macedonia's NATO Membership Action Plan efforts.

In FY 2003, Support for East European Democracy (SEED) assistance programs in Macedonia will advance economic reforms and democracy-building initiatives while broadening their scope to include further activities that promote inter-ethnic relations and address legitimate minority concerns. SEED funding will focus on programs to assist the Macedonian government in redressing inequities while expanding programs aimed at raising overall living standards. It will stimulate local private sector development, develop a progressive market economic legal framework, and foster reforms to promote equality under Macedonia's multi-ethnic democratic system. Programs will strengthen state institutions, in particular the police, through the training of minority police recruits. Special efforts will be made to help revive the economy of northwest Macedonia, the primary location of conflict during the armed insurgency in 2001, thereby contributing to Macedonia's overall economic growth.

SEED funds finance critical technical assistance in areas of enterprise development, legal/accounting reform, privatization and labor redeployment, and financial sector reform. SEED-funded reform efforts are helping Macedonia to improve its investment climate, solidify its economy, and adopt international standards. Our strategy encompasses programs targeted at easing the transition to a democratic and market-oriented system across all ethnic groups, with a special focus on those who have not benefited from the

market transition and feel alienated and under-represented politically. These programs will mitigate support for extremism within these communities. Our aim is to strengthen Macedonia's democratic, economic, and civil institutions through such initiatives as Democracy Commission grants to non-governmental organizations (NGOs); an enhanced international visitor program bringing future leaders for training and orientation to the United States; the Ron Brown Fellowship program providing graduate-level scholarships in fields such as law and economics; training for journalists; civic education; and English teaching programs.

Foreign Military Financing (FMF) and International Military Education and Training (IMET) have supported defense reorganization and training consistent with the U.S. and NATO goals of restructuring and modernizing the capabilities of the Macedonian military. FMF supports building the capabilities of the Macedonian armed forces according to the parameters of Macedonia's NATO Membership Action Plan (MAP). FMF in FY 2003 will focus on: acquiring NATO-compatible tactical communications equipment; acquiring cargo and troop transport vehicles; continuing the work of an American contract firm to provide guidance and advice on the defense restructuring process; and improving basic infrastructure.

The armed insurgency in early 2001 fully engaged the Macedonian government's security forces, delaying and necessitating reassessment of military reorganization and training programs. We expect the Macedonian military in FY 2003 to avail itself of expanded military training and equipment acquisition opportunities in order to strengthen its ability to counter effectively and appropriately internal and cross-border extremist threats.

The Macedonian military faces significant challenges. The military still suffers from the legacy of the Yugoslav National Army's pulling out of Macedonia in 1991 with virtually all equipment. Its senior leadership tends to be top-heavy and conservative and reluctant to reorganize total force structures along a western, NATO-compatible model that is based on a realistic threat assessment and affordable force structure. While some progress in the required transformation was being made prior to the insurgency in conjunction with pressure from Macedonia's civilian government leadership, it was slow and inconsistent. Existing MAP-oriented restructuring plans were shelved during the insurgency and now need to be refocused.

Despite the setbacks of 2001, Macedonia is committed to getting its MAP reforms back on track. It is making efforts to improve not only the quality of its non-commissioned officer (NCO) corps but also of its senior leadership. Under IMET, Macedonian Ministry of Defense civilians, senior military officers, and NCOs are receiving key training through U.S. programs. Macedonia continues to use the NATO/KFOR presence in Kosovo as an opportunity to familiarize officers with NATO procedures, and it has actively sought joint training opportunities with tactical NATO units in Macedonia. Macedonia will be eligible in FY 2003 to receive grant EDA under Section 516 of the Foreign Assistance Act. The transfer of EDA will assist Macedonia in meeting short-term defense needs, enhancing capabilities through continued defense reform, and further improving interoperability.

As part of its efforts to prevent the proliferation of weapons of mass destruction, their delivery systems, related technologies, and other weapons, the United States is providing Export Control and Related Border Security Assistance funds under Nonproliferation, Anti-terrorism, Demining, and Related Programs (NADR) to help establish fully effective export controls in Macedonia. FY 2003 NADR funding is provided to develop the laws and regulations of a strong export control system, as well as training for export control enforcement officers at the borders on basic detection, targeting, and profiling techniques.

Malta
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
FMF	2,993	0	1,000
IMET	136	300	300
NADR-EXBS	5,130	119	480

The United States supports Malta's integration into the Euro-Atlantic mainstream. This will reduce Libyan influence and help Malta become a more important partner of the United States in tackling global challenges, such as preventing the proliferation of weapons of mass destruction (WMD), combating illicit trafficking, expanding mutually beneficial trade and investment, and shaping a more stable, secure Europe.

Foreign Military Financing (FMF) funds requested in FY 2003 will be used to enhance the search and rescue and maritime protection capabilities of Malta's armed forces and to purchase communications equipment to facilitate the inspection and detainment of vessels carrying contraband. As part of its efforts to prevent the proliferation of WMD, their delivery systems, related technologies, and other weapons, the United States is providing Export Control and Related Border Security Assistance funds under Nonproliferation, Anti-terrorism, Demining, and Related Programs (NADR) to help establish fully effective export controls in Malta. FY 2002 NADR funding will focus primarily on establishing effective enforcement procedures and capabilities, especially through the provision of equipment. In order to promote safety and security of the Malta freeport and its personnel, U.S. funding in FY 2003 will focus on developing a contingency operating plan of action in the event of discovery and identification of WMD-related items and purchasing monitoring equipment for the port and the Armed Forces.

As the primary element of U.S. assistance to Malta, International Military Education and Training (IMET) is a major tool for ensuring that Malta remains oriented towards the United States and Western Europe, particularly in security matters. IMET has become our most important means of accessing Malta's security establishment and maintaining a positive dialogue on important regional security issues, including Libya and counterterrorism. IMET programs enhance Maltese capability to interdict shipments of sanctioned materials to Libya and narcotics trafficking through the Maltese islands. The FY 2003 IMET program will provide professional military and communications training and support maritime twinning programs.

Malta will be eligible in FY 2003 to receive grant Excess Defense Articles (EDA) under Section 516 of the Foreign Assistance Act. The provision of grant EDA will assist Malta in meeting defense requirements, enacting defense reforms, and furthering defense interoperability.

Moldova
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
FMF	1,497	1,250	1,500
FSA	44,803	35,416	32,500
IMET	630	850	900
NADR-EXBS	0	0	2,320
Peace Corps	1,436	1,855	1,744

The United States has a national interest in ensuring security in Moldova and regional stability. The lack of success in negotiating a settlement with the separatist Transnistrian region threatens regional stability and Moldova's prospects for success as an independent state – a fact exacerbated by the presence of Russian troops and large quantities of munitions in Transnistria. The lack of border controls along the Transnistria-Ukraine border also provides opportunities for weapons proliferation, smuggling, transnational crime, and human trafficking. The United States also has a national interest in strengthening democracy and a free market economy in Moldova, which until recently has been a model for reform for the former Soviet states. Moldova has been a strong supporter of the war on terrorism, granting the U.S. overflight rights and basing rights.

U.S. assistance to Moldova is designed to enhance its territorial integrity and security, prevent weapons proliferation and combat transnational crime, support market-based economic reform, strengthen civil society and democracy, and avert humanitarian crises. In FY 2003, the U.S. plans to continue a range of security-related programs to improve Moldova's military capabilities, promote U.S. non-proliferation goals, and prevent trafficking of individuals. Economic assistance will continue to support post-privatization programs in the agricultural sector, energy sector restructuring, and fiscal reform. The United States will also provide significant humanitarian assistance.

Until recently, Moldova generally outpaced its former Soviet neighbors in terms of economic reform efforts, democratic development, and human rights observance. Moldova's progress in these fields provided a positive example for other neighboring states to follow in their democratic development. Following its victory in the spring 2001 parliamentary and presidential elections, the Communist Party remained supportive of reform. However, recent rhetoric and actions have called into question President Voronin's commitment to reform. This trend will bear watching and could affect the scope of our assistance programs, particularly those that work directly with the Government of Moldova (GOM).

In the mid and late 1990s, Moldova made considerable progress in reforming its agricultural sector, the mainstay of the country's economy. U.S. assistance programs helped in the privatization of over 95 percent of the country's collective farms and contributed to a bumper harvest in 2001, after a decade of decline. Our highest priority for assistance under the FREEDOM Support Act (FSA) in FY 2003 will continue to be support for post-privatization activities in the agricultural sector. Particular emphasis will be placed on assisting new landowners in developing viable associations and cooperative structures, building markets, accessing credit, and creating an efficient input supply and processing system. FSA assistance in FY 2003 will also continue to contribute to growth and profitability of small and medium enterprises by facilitating their access to market business skills, information, and finance. FSA funds will also help promote private sector development through support for fiscal reform, commercial law and banking development, and financial management training.

Since the sale of three of Moldova's five electric power distribution companies, which was assisted by FSA-funded programs and which helped the country overcome the worst of its energy crisis, energy sector

reform has stalled. In FY 2003, the United States will continue to press the GOM to move forward in this area and promote energy efficiency through FSA programs concentrating on the continued privatization of state-owned utilities, regulatory changes, and the introduction of new technologies.

In recognition of the hardships associated with Moldova's ongoing reform efforts, the United States will continue to provide FSA funding to facilitate the delivery of targeted humanitarian assistance including emergency pharmaceuticals, medical supplies, vaccine supplies, food, and clothing to those most in need. Additionally, in an attempt to improve healthcare for vulnerable groups of Moldova's population, the United States will provide continued FSA assistance to support health care reform, including health partnerships, women's health/family planning activities, and hospital assistance.

FSA-funded academic and professional exchange programs will continue to provide opportunities for Moldovan citizens, especially young people, to familiarize themselves with the day-to-day functioning of a market-based, democratic system. FSA assistance will also focus on strengthening civil society and independent media.

Organized crime in the Eurasian region presents a direct and growing threat to Moldovan prospects for economic and political stability, and thus for U.S. national security interests. FSA funds will continue to support cooperative efforts between U.S. Government law enforcement agencies and Moldovan government and local government officials to combat organized crime, including trafficking in women and children and narcotics.

Funding from the Nonproliferation, Anti-terrorism, Demining, and Related Programs (NADR) account will support programs to prevent the proliferation of weapons of mass destruction (WMD), conventional arms and related weapons materials, technologies, and expertise in Moldova. Preventing the export or transit of arms or strategic materials that could be used for WMD is a key U.S. objective in Moldova. The Export Control and Related Border Security Assistance program (EXBS), funded by NADR, is designed to facilitate the continuing development of an effective national export control and border security system to prevent weapons proliferation. The EXBS program will further assist Moldova in the development of laws, regulations, and licensing procedures and practices. It will also provide additional enforcement training, surveillance, detection, interdiction and automation equipment, infrastructure support, and advisory assistance and liaison through a resident export control assistance program advisor.

Despite financial limitations, Moldova is active in the Partnership for Peace (PfP) program and is committed to reforming its military along Western lines. Foreign Military Financing (FMF) assistance will continue to support efforts to deploy Moldova's peacekeeping battalion, which will help form the core of the country's reforming military. Moldova has engaged in an extensive defense/military contacts program with the United States, expanded its participation in PfP exercises, and made effective use of the limited International Military Education and Training (IMET) funds provided it. Additionally, Moldova has developed a robust program with its State Partner, the North Carolina National Guard. In FY 2003, FMF and IMET funds will continue to be used to further develop and reform Moldova's armed forces, enhance the capability of its peacekeeping battalion to operate alongside NATO forces with common, interoperable equipment, and promote the integration of Moldova into Euro-Atlantic security structures.

Moldova will be eligible in FY 2003 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act (FAA). Provision of grant EDA will assist Moldova in meeting its defense requirements and furthering NATO interoperability.

Poland
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
FMF	12,274	12,000	13,000
IMET	1,318	1,900	2,000
NADR-EXBS	645	300	600
Peace Corps	967	0	0

Poland is a key ally and partner in U.S. efforts to enhance security and promote economic prosperity in Europe. The United States has a strong interest in helping Poland improve its military capabilities and interoperability with NATO. Poland is a net contributor to the NATO collective defense effort and serves as a model and a mentor for prospective NATO members. Poland also contributes significantly to the enhancement of political and economic stability in Eastern and Central Europe by sharing its experiences with a successful transition to a free market democracy. Stressing solidarity as a NATO ally, Poland immediately moved to demonstrate support following the September 11 attacks, contributing politically and materially to the campaign against the Taliban and al Qaeda and energizing regional cooperation.

Poland is a graduate of Support for Eastern European Democracy (SEED) assistance having progressed in its transition to a free market economy to the point where economic assistance was unnecessary. Poland's transition from economic assistance now serves as a model for other countries receiving SEED support. Although a graduate, Poland will receive limited SEED funds for a grant program that supports non-governmental organizations and non-profit organizations in capacity building activities.

Although Poland is a willing and able ally that contributes significantly to UN and NATO peacekeeping missions, as well as Operation Enduring Freedom (OEF), more still needs to be done for Poland to achieve its full potential to contribute to NATO's collective defense. Poland continues to increase defense spending in real terms, despite growing demands for increased social spending and constricting budget resources. Poland coordinates its military modernization and restructuring closely with NATO to ensure that the resources are used to the maximum effect.

The Poles have embarked upon a serious six-year military modernization focusing limited resources on ensuring that the one-third of their forces that are designated for NATO missions are fully interoperable with NATO by 2006. Foreign Military Financing (FMF) and International Military Education and Training (IMET) enable the United States both to show support for these efforts and to contribute to them directly. For FY 2003, FMF and IMET will fund a variety of programs, including the acquisition of professional military education, technical training, and equipment to enhance Poland's C4I (communications, command, control, computerization, and intelligence); to strengthen logistics, transport, and international deployment capabilities; and to meet NATO force goals. FMF may also be used to upgrade Polish airfields, support transfers of Excess Defense Articles (EDA) frigates and helicopters, and enhance search and rescue capabilities.

Poland will be eligible in FY 2003 to receive grant EDA under Section 516 of the Foreign Assistance Act. The transfer of EDA will assist Poland in meeting defense requirements, enacting defense reforms, and furthering NATO and Western interoperability. As part of its efforts to prevent the proliferation of weapons of mass destruction, delivery systems, related technologies and other weapons, the United States is providing Export Control and Related Border Security Assistance funds under Nonproliferation, Anti-terrorism, Demining, and Related Programs (NADR) to help establish fully effective export and border controls in Poland. FY 2003 funding will support improvements in enforcement procedures and capabilities.

Portugal
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
IMET	594	750	850

Portugal's continued participation in both NATO and other international peacekeeping operations directly benefits U.S. security goals. The United States also seeks to maintain strong cooperation at the Lajes Air Base and Portugal's support within the European Union (EU) for U.S. positions on such issues as European Security Defense Program (ESDP)-NATO compatibility. Portugal has also supported U.S. efforts on the war on terrorism. Portugal immediately strengthened security around U.S. facilities, instituted a blanket waiver for Operation Enduring Freedom flights transiting Lajes, and will join the two conventions on terrorism to which it is not already party.

Portugal is a founding member of NATO and a member of the EU. Portugal continues to maintain strong trans-Atlantic ties and pursue close military cooperation with the United States. The 1995 Agreement on Cooperation and Defense provides U.S. forces continued access to the strategic Lajes Air Base in the Azores. Lajes served as a staging point for the United States during NATO's military operations in Kosovo, Desert Storm, and Desert Fox. Lajes supports ongoing U.S. operations in Bosnia and Kosovo. Portugal also contributes troops to both SFOR and KFOR and works closely with the United States on United Nations security issues.

The International Military Education and Training (IMET) program continues to be an essential component of the Portuguese military force modernization program, which includes its ongoing efforts to create an all-volunteer military; conscription is scheduled to end by 2004. FY 2003 IMET funding for Portugal will be a significant asset in the modernization effort that is intended to strengthen Portugal's ability to play an active role in collective defense organization and international peacekeeping efforts (e.g., in Bosnia, Kosovo, and East Timor). U.S. efforts are also directed toward enhancing Portugal's Atlanticist orientation by building ties with future military leaders and reinforcing the existing preference for U.S. manufactured defense equipment. The IMET program bolsters this strategy by establishing close bilateral relationships between the U.S. and Portuguese militaries, as well as providing training to support U.S.-supplied defense systems.

Portugal is eligible to receive grant Excess Defense Articles (EDA) under section 516 of the Foreign Assistance Act. EDA will be used to support Portugal's force modernization efforts and enable Portugal to participate in international peacekeeping.

Romania
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
FMF	16,962	9,000	10,000
IMET	1,544	1,400	1,500
NADR-EXBS	394	275	560
Peace Corps	2,287	2,929	2,942
SEED	38,415	36,000	29,000

The United States has both strategic and economic interests in promoting the continued development of a democratically oriented, economically sound Romania, at peace with its neighbors and respectful of human rights. As Southeast Europe's largest country in both size and population, strategically located Romania has the potential to contribute significantly to stability and security in a troubled region. Romania already is supporting U.S. and NATO goals through its contributions to the allied military presence in Bosnia and Kosovo and aiding the war on terrorism by opening its airspace to U.S. forces and making concrete offers of military personnel and equipment. Romania seeks full integration with the West, including membership in NATO and the European Union. With successful political and economic reforms, Romania will be better able to offer attractive business opportunities for U.S. companies, which in turn will contribute to its development.

U.S. assistance supports Romania's market-based economic reforms, promotes participatory democracy, strengthens civil society, and helps relieve human suffering. It also promotes the fight against corruption in all sectors.

To advance the goal of expanding a market-driven private sector and improve the quality of life for ordinary Romanians, Support for East European Democracy Act (SEED) assistance will provide technical assistance and training to improve policy and the legal and regulatory frameworks supportive of market expansion. Attention will also be given to strengthening the institutional capacity of the government and private sector to serve market economy goals, enhancing the competitiveness of the private sector, and improving the process of transferring state-owned assets to private ownership. This will be done through focusing on agriculture, financial and capital markets, small and medium enterprises, energy, and the environment.

Improving democratic governance at the local level through technical assistance and training will promote U.S. objectives in both the democratization and civil society areas. Using SEED funds, USAID will focus particularly on building the capacities of local government units and numerous civil society organizations throughout the country, as well as assisting central government bodies with legislative changes needed to further decentralization in Romania. Local public institutions and civil society organizations will also receive technical assistance to reinforce the rule of law at the local level.

Since Romania still faces serious problems in the social sector, SEED funds will be used to promote reform in the areas of child welfare, health care, and social assistance. USAID's activities will concentrate on closing large state-run residential institutions for children, reducing the number of institutionalized children, creating community-based alternatives to institutionalization, integrating reproductive health services into primary care, promoting modern contraception, and HIV/AIDS prevention.

SEED funding will continue to support the Southeastern Europe Cooperative Initiative's (SECI) Anti-Crime Center in Bucharest, which coordinates regional criminal task forces working on human trafficking, smuggling, and drug trafficking. With the Government of Romania's own funding and other support, the

SECI Anti-Crime Center has been effective in fighting trans-border crime, including human trafficking. Other SEED funds will be used to support stepped-up anti-trafficking programs in Romania in FY 2003.

In FY 2003, the United States plans to continue a range of security-related programs to improve Romania's military capabilities, help its armed forces become more NATO compatible, prevent trafficking in persons, and prevent the trafficking of narcotics and other contraband across Romania's borders.

Romania has by far the largest armed forces of all the NATO aspirant countries and is an active participant in the Partnership for Peace Program (PfP). In accordance with Romania's NATO Military Action Plan (MAP) and under the Foreign Military Financing Program (FMF) and the International Military Education and Training Program (IMET), we will provide the Romanian military with needed defense articles, services, and training. FMF funding will focus on areas that will increase Romania's effectiveness and capabilities in the context of the multi-national Southeast European Brigade (SEEBRIG), whose headquarters will rotate to Romania in FY 2003. Those funds will target communications infrastructure enhancement and equipment, defense reform contractor services, simulation, English language training, and non-commissioned officer training. They will also support the Ministry of Defense's reform implementation goals of downsizing the Romanian military and improving NATO interoperability.

The FY 2003 IMET program will continue to expose the new generation of the Romanian armed forces to Western-oriented, professional military education and both military and Ministry of Defense civilian personnel to such expanded IMET courses as those in defense resources management and civil-military relations. The Government of Romania continues to seek to expose as many officers as possible to U.S. military training and to make good use of graduates in their follow-on assignments.

Romania will be eligible in FY 2003 to receive grant Excess Defense Articles (EDA), under section 516 of the Foreign Assistance Act (FAA). The transfer of materiel under grant EDA will assist Romania to meet defense requirements, enact defense reforms, and further defense and NATO interoperability.

Romania is working closely with the United States to improve its border controls. Although it has made progress in developing a system to control the export of sensitive goods and technologies, there is room for further improvement. As part of its efforts to prevent the proliferation of weapons of mass destruction, their delivery systems, related technologies, and other weapons, the United States is providing Export Control and Related Border Security Assistance funds under Nonproliferation, Anti-terrorism, Demining, and Related Programs (NADR) to help establish a fully effective export control system in Romania. FY 2003 NADR funding is to provide enforcement training, such as chemical and biological weapons (CBW) and radiation detection, and portal monitoring and contraband detection equipment for export control enforcement personnel.

Russia
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
CSD	3,543	0	0
FSA	159,861	157,728	148,000
IMET	156	800	800
NADR-EXBS	1,500	1,500	3,980
Peace Corps	4,131	5,136	4,825

The United States has an overriding national security interest in working with Russia to reduce the threats of international terrorism and weapons of mass destruction. Russia's development into a stable democratic country with a market-based economy, fully integrated into the mainstream of world political and economic relations, will benefit a range of U.S. interests. Russia is a front-line state and has been a strong supporter in the war on terrorism – offering key political support, granting the United States overflight rights, sharing intelligence, and assisting in other important ways.

U.S. assistance to Russia combats weapons proliferation and transnational organized crime, supports market-based economic reform, strengthens civil society, promotes participatory democracy, and helps prevent the spread of infectious diseases. In FY 2003, the United States plans to continue to promote non-proliferation goals and counter transnational organized crime. The United States will also continue to fund programs to strengthen the small and medium business sector, support the development of civil society (with a particular emphasis on the free media), and improve health care and child welfare practices.

In recent years, U.S. economic and democratic assistance to Russia has moved away from the national government and toward the regions. This will continue in FY 2003. This movement to the regions is exemplified by the "Regional Initiative" (RI), which is funded under the FREEDOM Support Act (FSA). Under the RI, the U.S. Government develops partnerships with reform-minded Russian regions in an effort to help them establish favorable conditions for economic growth, and then enlists their help in disseminating the lessons of their experience to other regions. Efforts will continue in FY 2003 in the current RI regions – Samara, the Russian Far East, and Tomsk – to put in place the building blocks of a market system (with particular emphasis on small business development) to attract both foreign and domestic investment and to strengthen civil society.

The success of democratic and economic reform in Russia depends, in part, on individual Russians' belief that their day-to-day lives will improve. The engine of future economic growth in Russia will be private business, especially small and medium enterprises. Our private sector development program will continue to receive significant FSA funds in FY 2003 in order to increase access to credit (primarily in the regions outside Moscow), support efforts by regional governments to improve conditions for small business by removing regulatory and administrative barriers, and strengthen regional business associations. Other programs will provide training to thousands of entrepreneurs in basic business skills, both in Russia and in the United States. An additional focus will be women entrepreneurs. U.S. support for small and medium businesses is already beginning to pay dividends, as they have contributed to the impressive growth of the Russian economy over the last three years, despite being hampered by excessive government regulation and lack of access to resources and services.

Over the past 18 months, the Government of Russia has enacted legislation crucial to the country's long-term economic future. This includes groundbreaking legislation on personal income tax, land ownership, business deregulation, and leasing. U.S. assistance programs funded under the FSA have contributed to these accomplishments, particularly on tax and regulatory reform, through support for the work of think

tanks and provision of technical assistance to inform key policy decisions. Still, much remains to be done, and the United States will continue efforts in economic policy reform in FY 2003. Russia must continue to build a positive investment climate to attract the capital flows needed to bring about long-term economic growth. FSA programs will provide training and expertise to improve fiscal management, promote pension reform, and tighten regulation of the banking sector. In addition, although Russia's investment policies need significant improvement, opportunities already exist for U.S. exporters and investors in the vast Russian market. FSA-funded programs run by the Department of Commerce provide U.S. companies with information about these opportunities and facilitate direct linkages with Russian partners.

Russia's growing problems in the field of public health are a threat to U.S. national security. Russia has the fastest rate of increase in HIV infection in the world. FY 2003 FSA funds will continue to support partnerships between U.S. and Russian hospitals. FSA will also help address the spread of multi-drug-resistant strains of tuberculosis and of HIV/AIDS, promote better maternal and child health, support Russian orphans, and promote partnerships between community health organizations in the United States and Russia. FSA-funded programs will also continue to help address Russia's serious environmental problems, particularly where they affect U.S. interests. For example, FSA assistance programs help Russia combat forest pests and water-borne pollutants, which could constitute cross-border threats to the United States.

A successful transition in Russia depends on the strength of democratic institutions and civil society. Establishing democracy and rule of law on a more solid footing will require long-term, generational change. FSA democracy programs, therefore, are increasingly focused on the grassroots level, providing funding for exchange programs, as well as small grants for legal support and training for non-governmental organizations (NGOs) and the independent media. In FY 2003, there will be increasing focus on exchange programs that support entrepreneurs and on alumni activities so as to maintain the investment we have made in Russians who have been to the United States on exchange programs. FSA programs also seek to increase the availability of information for Russians throughout the country by establishing public access Internet sites and offering training. FSA funding will support this type of long-term democratic change in FY 2003.

Russian authorities recognize the threat to their economy presented by international crime, and they have turned to the United States and other Western partners for assistance. The complexity of white-collar crime, particularly corruption, money laundering, and computer fraud, presents new challenges for Russian law enforcement. In FY 2003, U.S. law enforcement agencies will continue to work with their Russian counterparts through FSA-funded programs to improve Russia's capacity to combat transnational crime, focusing on counter-narcotics, border security, alien smuggling/trafficking, and export controls. FSA funds will also support more grassroots, regional efforts to combat crime through grants to U.S. organizations to work with Russian counterparts to promote community policing and combat domestic violence. With FSA funds, the U.S. Government will provide training, equipment, and expertise to Russian law enforcement authorities to help them deal with these issues and to promote respect for human rights.

The United States continues to provide assistance through programs of the Departments of State, Defense, and Energy to prevent the proliferation of weapons of mass destruction (WMD), related materials, technologies, and expertise. Nonproliferation, Anti-terrorism, Demining, and Related Programs (NADR) funds will continue to enhance Russian controls on transfers of sensitive materials and technologies, including industry/government outreach programs to educate Russian companies about their requirement under Russian export controls and helping to outfit key transit points with radiation detection equipment to deter and interdict illicit nuclear transfers. Scientific collaboration programs supported by NADR and FSA funds will help prevent proliferation of weapons expertise and redirect former Soviet weapons experts to peaceful pursuits.

Under the International Military Education and Training (IMET) program, the United States will continue to provide English language instruction, professional military education, and military legal and peacekeeping instruction for the Russian military and officials of the Ministry of Defense.

Russia will be eligible in FY 2003 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act (FAA). Transfer of EDA could assist Russia to meet its defense requirements and further NATO interoperability.

Humanitarian programs funded through the FSA will continue to facilitate the delivery of assistance donated through U.S. private volunteer organizations to target groups within Russia. In addition to addressing genuine humanitarian needs, FSA funding will do much to engender good relations between U.S. and Russian NGOs.

Slovakia
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
FMF	10,777	7,750	9,000
IMET	992	850	950
NADR-EXBS	125	407	700
Peace Corps	1,210	706	0

The United States has an interest in having Slovakia, situated at the geographic center of Europe, continue to be an increasingly positive force for regional stability in Central and Eastern Europe (CEE). Assistance funds support continued economic, political, and military reform facilitating Slovakia's eventual integration into Euro-Atlantic institutions. The United States supports Slovakia's initiatives to share its success in democracy building and development of civil society with other countries in transition. The United States also promotes Slovak implementation of effective export control strategies to prevent the transfer of arms to countries of concern and to bolster crime-fighting efforts to minimize the impact on the United States from CEE criminal organizations. The United States has an interest in Slovakia's developing an improved business climate, including reducing corruption, to create expanded trade and investment opportunities for U.S. firms. Slovakia has been a stalwart partner in the fight against global terrorism.

The government of Prime Minister Dzurinda, unlike its predecessor, has shown a clear commitment to democracy, reform, and western-oriented policies. U.S. policy seeks to recognize this commitment and anchor Slovakia into a democratic Europe by supporting the government's ambition to integrate into Western institutions. Support for East European Democracy (SEED) program funding in past years was a key to supporting the development organizations committed to democracy and rule of law, which were instrumental in bringing a reform-minded government to power. While Slovakia has graduated from the bilateral SEED program, continued access to regional SEED programs will be crucial to helping Slovakia consolidate democratic, economic, and legal reform and continue to advance in other important areas such as the fight against corruption.

The United States provides assistance to Slovakia through the SEED-funded Democracy Commission Small Grants program. This program gives small grants to indigenous non-governmental organizations (NGOs) engaged in building the social and intellectual foundations of a democracy.

Slovakia is one of the nine aspirants for NATO membership participating in the Membership Action Plan (MAP) process. The Slovaks have established 64 Partnership Goals (of which 41 are MAP-related) with NATO geared toward westernizing their military and enhancing NATO interoperability. FY 2003 Foreign Military Financing (FMF) and International Military Education and Training (IMET) programs are essential for the implementation of Slovakia's multi-year military reform plan that was heavily influenced by recommendations from a U.S.-funded defense study. Helping Slovakia create a modern, capable force that can ensure national defense and contribute to NATO operations is a major U.S. goal that will enhance regional stability and strengthen Slovakia's ties with the West. Slovakia's importance to NATO was demonstrated during both the Kosovo and Afghanistan conflicts, when the Slovak government immediately granted overflight and transit rights that were crucial to the effective conduct of the military campaign.

Priorities for use of the FMF funds were jointly developed with Slovakia to support Slovak and USG objectives. Both FMF and IMET funds will be used to strengthen Slovakia's ability to contribute to NATO peacekeeping missions, such as its 100-member unit serving with KFOR and Partnership for Peace (PfP) activities. FMF funds will support purchase of defense articles and services that target improvements in the areas of command and control, airspace sovereignty, communications and night fighting capability for rapid

reaction forces, simulation and English language training, navigational aids, continued assistance in defense reform, resource management, and search and rescue.

IMET funds will complement Partnership Goals by continuing to support personnel development and professionalization of the Slovak military and Ministry of Defense through training at U.S. facilities and with Mobile Education Teams in country. The requested assistance will help Slovakia become a more capable partner in the region and a stronger candidate for NATO membership.

Slovakia will be eligible in FY 2003 to receive grant Excess Defense Articles (EDA) under Section 516 of the Foreign Assistance Act. The transfer of EDA will assist Slovakia in meeting defense requirements, enacting defense reforms, and furthering interoperability.

As part of its efforts to prevent the proliferation of weapons of mass destruction, their delivery systems, related technologies, and other weapons, the United States is providing Export Control and Related Border Security Assistance funds under Nonproliferation, Anti-terrorism, Demining, and Related Programs (NADR) to help establish fully effective export controls in Slovakia. FY 2003 funding is focused primarily on an assessment of Slovakia's capabilities and needs and improving enforcement procedures and capabilities through regional nonproliferation advisors.

Slovenia
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
FMF	5,487	4,000	5,000
IMET	1,022	800	950
NADR-EXBS	130	350	550

The United States seeks to encourage Slovenia's continued political and economic transition to a full-fledged Euro-Atlantic partner. As a partner, Slovenia serves as a bridge between East and West and plays a central role in exporting peace and stability to Southeast Europe. As a peaceful middle-income democracy, Slovenia is a stabilizing factor in a crisis-ridden area. Its eventual integration into and participation in Western institutions such as NATO and the European Union could be a force for peace, especially given Slovenia's cultural, historical, social, political, and personal ties with the states that constituted the former Yugoslavia. Slovenia has been a firm and steadfast partner in the war on terrorism.

The primary objectives of U.S. military assistance in Slovenia are to allow modernization and reform of Slovenia's military and to help the country toward its NATO Membership Action Plan (MAP) goals. Foreign Military Financing (FMF) assistance aims to achieve greater interoperability between NATO and Slovenian forces and critical reform of Slovenia's military command structures. International Military Education and Training (IMET) will also help meet Slovenia's objectives. IMET opportunities will strengthen the professionalism and leadership skills of Slovenia's military and civilian personnel; help improve the technical and managerial skills of the Ministry of Defense (MOD), assisting the MOD in making procurements for its military which not only benefit its own defense structure, but also contribute to regional stability; and promote FMF-purchased equipment and training that improve interoperability and standardization of Slovenian forces with U.S. and other NATO forces.

Left virtually without military equipment, infrastructure, or organization after its ten-day war for independence in 1991, Slovenia has striven to model its fledgling armed forces on those of the United States and other NATO Allies. Slovenia's sound economic situation has enabled it to fund a larger proportion of its defense reform needs, though U.S. assistance continues to play a critical role. The MOD has used previous-year FMF grant money to increase Slovenian interoperability by purchasing English language training, computer simulation center hardware and software, and small-unit infantry training equipment. Top priorities for FMF funds for Slovenia in FY 2003 are simulation equipment, Identify Friend or Foe (IFF) upgrades, an automated acquisition and logistics system, and computers for military centers that will complement Slovenia's MAP strategy. The FY 2003 IMET request will continue to support professional military training for the Slovenian military, including expanded IMET to address resource management, rule of law, civil-military relations, and human rights. Slovenia intends to continue to focus on non-commissioned officer training as well as applying to senior and mid-level U.S. military schools.

Slovenia will be eligible in FY 2003 to receive grant Excess Defense Articles (EDA) under Section 516 of the Foreign Assistance Act. The transfer of EDA will assist Slovenia in meeting defense requirements, enacting defense reforms, and furthering defense interoperability.

As part of its efforts to prevent the proliferation of weapons of mass destruction, delivery systems, related technologies, and other weapons, the United States is providing Export Control and Related Border Security Assistance funds under the Nonproliferation, Anti-terrorism, Demining, and Related Programs (NADR) account to help establish fully effective export controls in Slovenia. FY 2003 NADR funding is

focused primarily on improving enforcement procedures and capabilities through the regional nonproliferation advisors.

The United States also provides assistance to Slovenia through the Support for East European Democracy (SEED)-funded Democracy Commission Small Grants program. This program gives small grants to indigenous non-governmental organizations engaged in building the social and intellectual foundations of democracy.

Tajikistan
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
FMF	0	700	0
FSA	16,735	19,222	22,500
IMET	0	250	350
NADR-EXBS	0	0	50
ERF-NADR-EXBS	0	7,500	0
ERF-P.L. 480 Title II	0	19,883	0
P.L. 480 Title II	12,631	4,156	0

Tajikistan, a front-line state, is the poorest of the former Soviet republics. Its porous border with Afghanistan gives it special importance in the region in terms of interdicting terrorists, narcotics, and other smuggling. A longtime supporter of the late General Masood in the Northern Alliance and enemy of the Taliban, Tajikistan has unreservedly supported Operation Enduring Freedom from the beginning and has pledged to continue to do so for as long as necessary. The Government of Tajikistan (GOT) immediately offered overflight and landing rights and use of their air bases. They negotiated an agreement in only three days to allow U.S. troops to operate in Tajikistan, changed their visa and border transit regime to help facilitate the delivery of humanitarian assistance to Afghanistan, and are actively engaged in establishing three bridges across the Pyanj River to expedite the delivery of humanitarian aid. Their assistance and cooperation has been quick and timely, as well as accommodating to our changing needs.

U.S. assistance enhances Tajikistan's territorial integrity and security, addresses dire humanitarian needs, and fosters democratic and economic reforms – measures which help promote stability in a volatile and strategically important region. A stable, peaceful Tajikistan will help defend against the spread of radical groups and terrorists now that their bases in Afghanistan have been disrupted.

In FY 2003, the United States plans to expand its assistance beyond humanitarian food deliveries to longer-term development as it continues to implement security related programs, work with communities on conflict mitigation, strengthen primary health care, provide support for small and medium enterprises, strengthen civil society, and improve management of natural resources.

U.S. economic assistance under the FREEDOM Support Act (FSA) includes a Conflict Mitigation Initiative, which promotes public dialogue, rebuilds essential local services, improves management of transboundary water resources, and increases education and short-term employment opportunities for youth. The health care program seeks to support infectious disease and child survival programs and continues to work on systemic reform. FSA-funded assistance programs have resulted in a 60 percent decrease in registered malaria cases. The small and medium enterprise program is helping to alleviate poverty through expanded business opportunities, with new expansion in the Ferghana Valley. Water programs will focus on improving the capability of the Tajik National Hydromet Service to better collect, process, and transmit critical water data for regional coordination.

U.S. democracy assistance under the FSA will continue to support the development of civil society in Tajikistan through a network of support centers for non-governmental organizations (NGOs) and community associations and through direct grants to NGOs. Democracy programs will also promote civic education in high schools, increase access to information via the Internet and independent media, work with the Parliament to increase its effectiveness and responsiveness to citizen interests, and support legal education and associations. Exchanges will continue to bring a wide range of Tajik students and

professionals to the United States to develop ties with professional counterparts and to gain a stronger understanding of how democracy functions in this country.

Tajikistan has committed to cooperating with the United States on countering the proliferation of weapons of mass destruction, weapons technology, and other illicit arms and drug trafficking. The United States has provided Tajikistan Export Control and Related Border Security Assistance (EXBS) and International Narcotics Control and Law Enforcement assistance under the FREEDOM Support Act and the Nonproliferation, Anti-terrorism, Demining, and Related Programs (NADR) accounts and intends in FY 2003 to continue and increase assistance in these high priority areas. The EXBS program will address all aspects of Tajikistan's export and border control system to prevent, deter, detect, and interdict weapons proliferation, with a focus on institutionalizing effective inspection and detection training for border control personnel.

Tajikistan only recently applied for membership in the Partnership for Peace. While minimal funding for Foreign Military Financing (FMF) for Tajikistan was allocated for FY 2002, current plans do not include additional FMF for FY 2003 as the program is still in development. International Military Education and Training (IMET) funds provided in FY 2003 will be used to educate and expose the armed forces and civilian officials to Western concepts of democracy, rule of law, human rights, and free markets.

In FY 2003, humanitarian assistance to Tajikistan under the FSA will target the most vulnerable members of society through the delivery of medicines, medical supplies, food, and clothing. This humanitarian assistance remains central to U.S. programs and will continue to be executed through private voluntary organizations as Tajikistan makes the transition from emergency relief to long-term development.

Turkey
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
FMF	0	0	17,500
IMET	1,689	2,700	2,800
NADR-EXBS	100	1,000	600
ERF-FMF	0	20,000	0
ERF-NADR-EXBS	0	1,200	0

Turkey is a front-line state and one of our most important allies. Its strategic location in the nexus of Europe, the Middle East, the Caucasus, and the Caspian, coupled with its unique status as the only predominantly Muslim NATO member, make it an active and extremely valuable partner. In addition, Turkey borders two countries – Iran and Iraq – which pose military, terrorist, weapons of mass destruction, and strategic economic threats to the United States. In the immediate aftermath of September 11, Turkey was among the first countries to demonstrate its strong support for Operation Enduring Freedom by, among other actions, granting overflights, use of its air bases, and offering 90 Special Operations Forces troops. Turkey contributed a light battalion and additional HQ personnel to phase I of the UK-led International Security Assistance Force (ISAF) and has indicated its willingness to lead ISAF Phase II. Turkey’s economic situation, however, means that the international community, including the United States, will need to provide Turkey with significant assistance.

The FY 2003 Foreign Military Financing (FMF) requested for Turkey is aimed at providing military assistance relevant to Turkey’s participation in coalition efforts in Afghanistan, the broader war on terrorism, and meeting NATO’s Defense Capabilities Initiative requirements. Specifically, FMF will be used to purchase needed U.S.-origin spare parts and equipment in support of these objectives.

The FY 2003 International Military Education and Training (IMET) program will provide Turkish military personnel with the training needed to improve interoperability with United States and NATO forces. Turkey has drawn on this training through its participation in NATO peacekeeping activities in Kosovo, Bosnia, and now in Afghanistan. IMET training will also contribute to the improvement of the professionalism of Turkey’s armed forces and will teach fundamental democratic principles which help strengthen Turkey’s commitment to democracy and human rights. IMET funding also will provide for joint training with Greece, furthering the improvement of relations between our two NATO allies.

Turkey will be eligible in FY 2003 to receive Excess Defense Articles (EDA) under section 516 of the Foreign Assistance Act. The transfer of EDA will assist Turkey in meeting defense requirements, enacting defense reforms, and furthering interoperability.

As part of its efforts to prevent the proliferation of weapons of mass destruction, their delivery systems, related technologies, and other weapons, the United States is providing Export Control and Related Border Security Assistance funds under Nonproliferation, Anti-terrorism, Demining, and Related Programs (NADR) to help establish fully effective export controls in Turkey. U.S. funding in FY 2003 is focused primarily on improving enforcement procedures and capabilities, especially through the provision of equipment.

Turkmenistan
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
FMF	699	0	700
FSA	6,275	7,072	7,000
IMET	258	450	450
NADR-EXBS	0	0	50
Peace Corps	1,490	743	1,238
ERF-NADR-EXBS	0	7,000	0

The United States has strategic and economic interests in helping Turkmenistan, which has the world's fourth largest gas reserves and significant oil reserves, achieve political stability, independence, and integration into the global economy. The United States has a keen interest in seeing these important resources reach world markets, preferably via secure pipelines that do not transit the territory of regional powers that might shut off the flow for political purposes. Turkmenistan, a front-line state, has a long border with Afghanistan and has been the second largest conduit for aid into Afghanistan during the war on terrorism. More than 30 percent of the United Nations and World Food Program food aid to Afghanistan since October 2001 has transited Turkmenistan. The current security situation in the region puts trade routes at risk of exploitation by terrorists and smugglers of narcotics and weapons. U.S. assistance to Turkmenistan enhances its sovereignty, territorial integrity, and security; strengthens civil society; and supports improved health care.

In FY 2003, the United States plans FREEDOM Support Act (FSA)-funded programs that will bring Turkmen exchange students to the United States, improve primary health care, strengthen democratic culture among citizens, and improve the management of natural resources.

U.S. economic assistance under the FSA is introducing a comprehensive approach to screening children for key illnesses that threaten their survival. The health program is also addressing HIV/AIDS prevention and tuberculosis control. FSA-funded programs are working to provide all newborns with Hepatitis B vaccine over the next five years. Due to the government's unwillingness to implement privatization and other business sector reforms, small and medium-size enterprise assistance is a limited program to develop business knowledge and skills. The natural resources program involves working with local oil businesses to improve their environmental and business performance.

FSA-funded democracy programs continue to pursue a limited agenda in Turkmenistan due to the closed nature of the country and the lack of commitment to reform on the part of the "President for Life." Assistance is directed at developing a foundation for democracy by providing support to nascent civil society organizations and thereby increasing the level of involvement of citizens in their communities. The government continues to hamper work with this sector. The primary avenue for democracy assistance continues to be providing exchange opportunities for the youth of Turkmenistan with the goal of exposing them to U.S. democratic culture and practice. The government practice of requiring exit visas for all Turkmen citizens traveling abroad was recently lifted, which should make possible an expansion of exchanges in FY 2003. This restrictive visa regime has, in the past, caused complications for participants in the USG-funded exchanges.

In FY 2003, the United States intends to increase bilateral assistance for Turkmenistan under the Nonproliferation, Anti-terrorism, Demining, and Related Programs (NADR) account in the areas of export control and border security, and preventing terrorism and weapons smuggling. These issues are of

particular concern in Turkmenistan, which lies along centuries old trade and smuggling routes between the North Caucasus and Southwest Asia. NADR nonproliferation assistance will continue to focus on the Export Control and Related Border Security Assistance (EXBS) program to enhance Turkmenistan's capabilities to deter, detect, and interdict weapons proliferation. This assistance will include communications, transport/patrol assets, surveillance, and detection equipment; export control, legal, licensing, and regulatory training; and other border security infrastructure support. In addition, EXBS assistance will support maritime border security including patrol craft, spares, repairs, and additional training on the 82-foot U.S. Coast Guard patrol boat provided under the Excess Defense Articles (EDA) Program to the Government of Turkmenistan in FY 2000.

Turkmenistan has received minimal levels of Foreign Military Financing (FMF) and International Military Education and Training (IMET) assistance in the past. FY 2003 will build on these programs and increase assistance for defense articles and services to facilitate interaction between U.S. and Turkmen military forces. Assistance will include communications gear and training. IMET assistance will continue to support sending Turkmen officers to the United States for English language instruction and professional development for junior to mid-level officers. IMET funds provided in FY 2003 will be used to educate and expose the armed forces and civilian officials to Western democracy and the concepts of rule of law, human rights, and free markets. Turkmenistan will be eligible in FY 2003 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Transfer of EDA will assist Turkmenistan to meet its defense requirements and further NATO interoperability.

Ukraine
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
CSD	1,019	0	0
FMF	3,991	4,000	4,000
FSA	171,581	154,196	155,000
IMET	1,443	1,700	1,700
NADR-EXBS	770	470	2,620
Peace Corps	2,954	3,161	3,186
PKO	1,200	0	0

The United States has a strong national security interest in Ukraine's successful transition to a stable, independent, democratic, market-oriented, and prosperous state, with good relations with its neighbors and strong links to the West. Its successful transition may assist similar transitions elsewhere in the region. With a population of approximately 50 million and a strategic location between Russia and Central Europe, Ukraine is important for building a secure and undivided Europe. A stable, independent, and democratic Ukraine can also be a key partner of the United States in tackling major challenges, such as the proliferation of weapons of mass destruction (WMD), the expansion of mutually beneficial trade and investment, and the shaping of a more stable and secure Europe. Ukraine has been a strong supporter in the war on terrorism, granting the United States overflight rights.

U.S. assistance to Ukraine enhances regional security and promotes U.S. non-proliferation goals and nuclear safety, supports market-based economic reform, strengthens civil society and the development of participatory democracy, and helps relieve human suffering. In FY 2003, the United States plans to continue a range of security-related programs to promote U.S. non-proliferation goals. Economic assistance will continue to support private enterprise development, with a particular focus on small and medium-size businesses, the agricultural sector, and improving the regulatory environment for both domestic and foreign investors. U.S. funds will also foster civil society, independent media, and participatory democracy, as well as help avert humanitarian crises.

Ukraine's long-term political stability is closely linked to its economic prosperity. Although Ukraine made notable progress in 2001 and 2002, achieving prosperity requires significant reform to foster long-term sustainable economic growth. In FY 2003, some FREEDOM Support Act (FSA) funding will be provided for technical assistance to Ukrainian economic ministries for preparation of laws and regulatory codes to establish a market-oriented commercial legal framework. However, the bulk of FSA economic-related assistance will continue to go to the non-governmental sector. This assistance will help private enterprises become more competitive and efficient through programs to improve credit availability and promote international accounting standards, corporate governance, and shareholder rights. Emphasis will be on development of small and medium businesses, the most likely source of long-term sustained innovation and growth. Already a critical mass of privatized enterprises has been restructured, contributing to a 15 percent increase in industrial output and nine percent increase in GDP in 2001.

FSA funds will also focus on the agriculture sector, continuing land privatization and support for newly-emerging private farms and deepening technical assistance to commercial banks for mortgage and long-term lending to help fund farmers' purchases of agricultural equipment. U.S. privatization efforts have contributed to an impressive growth in agricultural output in 2000 and 2001. FSA assistance will continue to provide significant support for energy sector reform through promotion of energy efficiency programs and privatization of electric generating companies. The United States has played an important role in

helping to fund the closure of Chernobyl, which took place in December 2000. In FY 2003, FSA funds will continue to contribute to the construction of the Chernobyl sarcophagus. Significant funds will also be used to continue safety upgrades at other Ukrainian nuclear power plants, a critical U.S. interest. The United States will also continue to serve as a catalyst for economic reform by encouraging partnerships with neighboring countries, such the FSA-funded Poland-America-Ukraine Cooperative Initiative (PAUCI).

In FY 2003, we will continue the trend of recent years to focus increased attention and resources on grassroots activism and local reforms, as well as to expand programs oriented toward the next generation of Ukrainian leaders. FSA-funded programs will provide opportunities for students, policy makers, and other young leaders to come to the United States on academic and professional exchange programs. These exchanges enhance the linkages between individuals, businesses, institutions, and communities in the United States and Ukraine. In FY 2003, FSA funds will strengthen local non-governmental organizations and independent media that can serve as watchdogs over the government's activities and articulate public interests. Funding will continue for legal and financial support and training for independent media. FSA funding will also expand public access Internet sites throughout Ukraine.

Ukraine is home to a large number of scientists who have experience working on WMD. The U.S. and Ukrainian Governments have strong interests in providing alternative peaceful employment to prevent the proliferation of this expertise. In FY 2003, Nonproliferation, Anti-terrorism, Demining, and Related Programs (NADR)-funded assistance programs will continue to reduce the risks of proliferation of WMD, related materials, and technologies and conventional arms. FSA funds for the U.S. Civilian Research and Development Foundation and NADR funds for the Science and Technology Center in Ukraine and other nonproliferation programs will help redirect former WMD scientists to civilian research, development, and commercial activities. Finally, the Export Control and Related Border Security Assistance program (EXBS) funded by NADR is designed to continue to facilitate establishment of an effective national export control and border security system to prevent the proliferation of WMD, their missile delivery systems, related items, and other weapons. The EXBS program will further assist Ukraine in the development of laws, regulations, and licensing procedures and practices and internal control procedures for industry. It will also provide additional enforcement training, surveillance, detection, interdiction and automation equipment, and advisory assistance and liaison through a resident assistance program advisor.

International Military Education and Training (IMET) assistance will provide English language training, professional military education, and training for non-commissioned officers to enhance Ukraine's military interoperability with U.S. and NATO security structures and support military reform. Foreign Military Financing (FMF) funds will support procurement of equipment and services to enhance its interoperability, command, control, and communications capabilities (such as computerization of peacekeeping training facilities and recruitment centers, and communications systems); mobility; logistics; and other support items that will enable Ukrainian forces to operate more effectively alongside U.S. and NATO partners in real world peacekeeping operations and exercise activities. Ukraine will be eligible in FY 2003 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act (FAA). Transfer of EDA will assist Ukraine to meet its defense requirements and further NATO interoperability.

As in other Eurasian countries, segments of the Ukrainian population, including the victims of Chernobyl, are in dire need of humanitarian assistance. FSA-funded humanitarian programs have traditionally delivered substantial targeted assistance to those in greatest need in the form of medical supplies and equipment, pharmaceuticals, food, and clothing. In FY 2001, the State Department-funded program Provide Hope delivered \$30 million in humanitarian commodities provided through U.S. private volunteer organizations, private donations, or through the Department of Defense Excess Property Program. It is anticipated that this humanitarian assistance to Ukraine will continue in FY 2003 at the same level, targeting the most vulnerable members of society through programs executed by private voluntary organizations. Also in FY 2003, FSA funds will support programs to help fight HIV/AIDS and tuberculosis.

Uzbekistan
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
CSD	700	0	0
FMF	2,445	207	8,750
FSA	24,800	28,890	31,500
IMET	494	1,000	1,200
NADR-EXBS	330	0	1,200
Peace Corps	1,830	899	1,298
ERF-FMF	0	25,000	0
ERF-FSA/NIS	0	40,500	0
ERF-NADR-EXBS	0	18,000	0

Uzbekistan is a front-line state and a key strategic partner in the war on terrorism. It has allowed U.S. and Coalition forces to use its bases and has opened its border with Afghanistan for humanitarian shipments. As a byproduct of the intensified engagement between the United States and Uzbekistan since September 11, the Government of Uzbekistan has declared its intention to take difficult steps to reform its economy and advance democracy. Uzbekistan also has the strongest military in Central Asia, and its security policies directly affect its neighbors, especially in the heavily populated Ferghana Valley. These factors help make Uzbekistan vital to stability in Central Asia.

U.S. assistance to Uzbekistan enhances its sovereignty, territorial integrity, and security; strengthens civil society; improves management of natural resources; and helps relieve human suffering.

FY 2003 security assistance will continue to enhance military cooperation between Uzbekistan and the United States, as well as with NATO and Uzbekistan's Central Asian neighbors through the Warsaw Initiative and Uzbekistan's active participation in the Partnership for Peace (PfP). Increased Foreign Military Financing (FMF) in FY 2003 will enhance Uzbekistan's counterinsurgency capability and establish greater interoperability between Uzbek and U.S./international forces. FMF will also support joint peacekeeping initiatives with Kazakhstan, Kyrgyzstan and NATO forces. Assistance will provide individual soldier equipment, to include boots, uniforms, cold weather gear, and tents; command, control, and communications equipment; crew served weapons (military equipment that provides protection/support for personnel); ammunition; transportation equipment (spares, repairs, and maintenance); infrastructure upgrades; organizational equipment; and training and support, including fuel and consumables for exercises and training. Increased International Military Education and Training (IMET) assistance will continue to foster the professionalization of Uzbekistan's military leadership, including greater respect for and understanding of the principle of civilian control of the military, improved military justice systems and procedures, and effective defense resource management. IMET training will also include substantive training relating to human rights and the military.

Uzbekistan will be eligible in FY 2003 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Transfer of EDA will assist Uzbekistan in meeting defense requirements as well as further interoperability with NATO.

In FY 2003, the United States will increase security-related assistance to enhance Uzbekistan's ability to cooperate with U.S and Coalition forces to counter the flow of weapons, narcotics, and terrorist insurgents across borders and to enhance Uzbekistan's ability to protect its sovereignty and territorial integrity. The United States will continue assistance programs to help prevent the proliferation of weapons of mass

destruction (WMD) and weapons technology and expertise, including work to redirect scientists funded by the FREEDOM Support Act (FSA) and Nonproliferation, Anti-terrorism, Demining, and Related Programs (NADR). Additional assistance for projects approved by the NADR-funded Science and Technology Center in Ukraine (STCU) will keep former Soviet weapons experts in Uzbekistan employed in peaceful research. Through the NADR Export Control and Related Border Security Assistance (EXBS) program we also will continue to work with Uzbekistan to enhance all aspects of its export control system to prevent, deter, detect, and interdict weapons proliferation, with a focus on institutionalizing effective inspection and detection training for border control personnel.

In FY 2003, the United States plans to continue programs for conflict prevention, water management, health care, and democratic reform. If the Government of Uzbekistan undertakes difficult economic reforms, such as allowing free convertibility of the som, U.S. assistance will also include macro-economic advisors and greatly increased assistance to micro, small, and medium enterprises. Increased importance will be placed on local level social services that encourage community dialogue and provide short-term employment.

U.S. economic assistance under the FSA is expanding activities to strengthen primary health care and fight infectious diseases, including HIV/AIDS and tuberculosis. The geographic focus will be on the Ferghana Valley, Karakalpakstan, and Sukhandarya. U.S.- supported community groups have implemented clean water projects that reach almost 25,000 people. Natural resources assistance is improving water usage efficiency and mitigating the potential for conflict over regionally shared resources. An important focus is improving the capability of the National Hydromet Service to better collect, process, and transmit water data for regional coordination.

Democracy assistance and accomplishments under the FSA have been limited due to government restrictions on civil and political liberties in Uzbekistan. In FY 2003, we hope to build on the Uzbek government's stated plans to carry out democratic reforms. Our assistance will continue to pursue the longer-term goal of building constituencies for democratic reform among the broader population. FSA-funded programs will expand access to information via the Internet and through work with the independent media. We will continue to bring Uzbek youth and professionals from a range of fields to the United States for short- and long-term exchange programs. FY 2003 will see the introduction of a new exchange program that will bring entrepreneurs and other professionals to the United States for a four to six week program that includes hands-on internships and living with American families. Work in the non-governmental sector will continue, with a greater emphasis on non-governmental organizations that are trying to work in the political sphere, including indigenous human rights groups. In FY 2003, our programs will build on real progress in the area of judicial reform, in part as a result of USG assistance to increase the independence of the judiciary.

In FY 2003, humanitarian assistance to Uzbekistan under the FSA will target the most vulnerable members of society through delivery of medicines, medical supplies, food, and clothing. This humanitarian assistance remains central to U.S. programs and is consistent with increasing U.S. interests in the region.

OSCE Regional - Europe
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
PKO	14,221	16,300	14,550

The United States pays for a share of the operations of the Organization for Security and Cooperation in Europe (OSCE). These operations support the U.S. goals of preventing destabilizing conflicts in the former Soviet Union, resolving certain on-going disputes, containing and reducing instability in the Balkan states and Caucasus, assisting with post-conflict rehabilitation, combating trans-national threats to stability, and implementing measures against terrorism. OSCE also provides a rapid crisis response capability through the Rapid Expert & Assistance Cooperation Team (REACT) program and undertakes responsibilities as called for under the Dayton Agreement. OSCE stabilization efforts help prevent conflicts and unrest that can be exploited by terrorist groups.

The bulk of the FY 2003 Peacekeeping Operations (PKO) funds for European Regional programs is intended to fund the U.S. share of the OSCE's institutions and field missions and the REACT program. It also funds some 100 seconded American citizens working in the OSCE's 20 field missions. The remaining funds will be used to fund election observation efforts and other operations as needed. The day-to-day work of the OSCE Field Missions varies depending on the individual mission mandates agreed upon by the OSCE Permanent Council. All of the mission activities are in support of the OSCE's core mission of early warning, conflict prevention, crisis management, and post-conflict rehabilitation and focus on the economic, environmental, human, and political aspects of security and stability.

Regional FSA
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
FSA	75,450	69,356	67,000
ERF-FSA/NIS	0	6,000	0

FREEDOM Support Act (FSA) regional programs contribute to regional security by enhancing the ability of the states of Eurasia to address issues of mutual concern, such as terrorism, the proliferation of weapons of mass destruction (WMD), and the spread of narcotics trafficking and other transnational crimes. These programs promote regional cooperation and stability by providing technical assistance, funding exchange programs, and providing opportunities for citizens of the region to work together to promote economic restructuring and democratic reform.

U.S. national security is enhanced by the successful transformation of the Independent States into democratic, law-based, pluralistic societies functioning on market principles and integrated into the world economy. Several U.S. national interests in this region are pursued through assistance projects that involve more than one country. Examples include conflict prevention in Central Asia, the pursuit of a peace settlement in Nagorno-Karabakh, promoting energy-sector reform in Central Asia, enhancing border security throughout the region, and providing support for refugees and displaced people who are the victims of regional conflicts.

Central Asian regional programs focus on conflict prevention, energy, and environmental issues. The FSA-funded Community Action Investment Program (CAIP) seeks to address poverty, unemployment, inadequate communal services, and lack of education – all of which have the potential to create unrest and provide fertile soil for extremist groups. Caucasus and Eurasian regional programs focus on responding to urgent humanitarian needs and other special initiatives, including support for refugees and internally displaced persons (IDPs) from the Nagorno-Karabakh conflict.

The Peace/Reform Fund enables the U.S. Government to respond quickly to targets of opportunity, such as peace settlements and the appearance of signs of genuine commitment to reform on the part of regional governments. The Peace/Reform Fund is also used to augment projects that perform very well during the year and require additional support.

FSA regional programs address the entire range of USG assistance objectives, including increased trade and foreign investment, greater regional cooperation, combating crime and corruption, and promoting economic restructuring and democratic reform. Regional funding can also be used to support programs that redirect former Soviet WMD expertise to peaceful activities and enhance the ability of regional states to prevent the proliferation of WMD (and associated delivery systems, materials, and technologies) across their borders.

In addition, FSA regional funds support the activities of several USG agencies active in the region, including: U.S. Trade and Development Agency feasibility studies; Treasury Department technical assistance; State Department and Agriculture Department training and exchange programs; Commerce Department training programs and trade and investment support activities; and State Department and Justice Department regional law enforcement training programs that help regional states combat narcotics trafficking, reduce the likelihood of international terrorist operations, and improve human rights practices in criminal justice institutions.

Regional SEED
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
SEED	86,013	74,500	60,000

Support for East European Democracy (SEED) regional programs promote economic restructuring, democratic transition, and social stability in Central and Eastern Europe (CEE). A stable, prosperous, and democratic CEE region will enhance stability in Europe, promote U.S. investment, reduce the need for future U.S. expenditures to restore peace, and help minimize the impact of terrorism and international crime on the United States and its citizens.

In FY 2003, SEED regional funding will reflect two trends already present in FY 2002: the overall level will be less than the preceding year and, since the countries of Central and Northern Europe have now graduated from the SEED program, funds will be focused primarily on South East Europe (SEE). SEED regional programs in FY 2003 will help stabilize, transform, and integrate South East Europe – the scene of chronic instability, two major wars over the past ten years, and a recent armed insurgency in Macedonia – into the trans-Atlantic mainstream. Programs will be targeted to increase trade and foreign investment; promote greater regional cooperation among the countries of the region; combat terrorism, crime, and corruption; and strengthen democracy and rights for ethnic minorities.

Through the SEED regional program, the United States funds assistance programs where we have a comparative advantage, where we can provide technical assistance to leverage significant new funding from other donors, and where we can make important legal or regulatory gains. Major program areas for FY 2003 will be: technical assistance to help SEE states continue fiscal and economic reforms crucial for attracting private investment and increasing trade; assistance to help targeted SEE states harmonize their trade policies by achieving World Trade Organization (WTO) membership; increased focus on fighting terrorism, cross-border crime, and corruption, as well as on strengthening the rule of law; strengthening local governments, non-governmental organizations (NGOs), and the media to consolidate democratic reform and build civil society; spurring the growth of small and medium enterprises through increased availability of financing; decreasing the investment risk to U.S. firms considering investments in the region; technical assistance to tie the region together by developing a regional power grid for SEE; and reform of SEE customs services.

These priorities will augment ongoing bilateral assistance programs, the foundation of the SEED program. The success of these regional programs will depend in large part on the degree of economic and democratic reform achieved in each SEE state. The regional SEED program also builds on the economic and democratic reforms achieved in each state in the region by linking together successful reformers and by using progress achieved in one country as an example for others. Regional initiatives such as the development of an SEE electrical grid will use the collective pressure of all SEE states, combined with the influence of outside donors, to break regulatory or legal logjams that domestic reformers have been unable to solve. Each regional program will be evaluated in accordance with standard USAID benchmarks and performance indicators set forth in the annual report, or similar indicators for other USG implementing agencies.

NEAR EAST

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Algeria
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
IMET	121	200	550
P.L. 480 - Title II	0	776	0

Algeria is a strong supporter of, and an important partner in, the war on terrorism. It has fought its own decade-long war against extremist groups, some of whom have threatened the United States and our allies. Algeria pursues active diplomatic engagement throughout Africa and the Middle East and has been a key player in the resolution of African conflicts. It is a major supplier of oil and gas to Europe and the United States and hosts the second highest level of U.S. investment in the Arab world after Saudi Arabia. The United States has an interest in addressing the roots of instability in Algeria by providing support for economic and democratic reform, as well as professional military education and training. Improving Algeria's stability and security helps build a more solid foundation for regional stability, in turn advancing U.S. interests in the war against terrorism.

The terrorist violence that wracked Algeria from 1992 to 1998 has diminished in recent years, although military operations against pockets of radical armed groups in rural areas are expected to continue for the foreseeable future. Major towns and cities and much of the south are free of violence. However, there have been domestic disturbances in various parts of the country related to the Berber community's effort to obtain greater recognition of their identity, rights, and economic needs. The government is stressing reconciliation, openly addressing human rights concerns, and accepting democracy training. Cabinet ministers with strong economic reform credentials have made some progress in guiding Algeria's transition to a market economy, but serious institutional and social barriers remain. Such developments present the United States with significant challenges, but also with major economic opportunities.

Through the U.S.-North Africa Economic Partnership (USNAEP), the United States engages the Maghreb governments (Morocco, Tunisia, and Algeria) in senior policy dialogue and provides technical assistance to encourage private sector-led growth. The program is designed to help moderate Arab partners in North Africa with their commitments toward modernization, freer markets, and more open trade. USNAEP in Algeria supports its WTO accession process and development of modern commercial laws. Programs offer Humphrey Fellowships aimed at training Algerians in the areas of privatization, contracting, public-private partnerships, and competition. USNAEP supports advisors and training relating to general commercial law, intellectual property rights, agricultural trade policy, trade remedies, and bank modernization. Inter-university links between the United States and Algeria are used to develop and strengthen partnerships between institutions of higher education in both countries.

Beginning in 1998, the Middle East Democracy Fund has financed a parliamentary training program in Algeria that has played an instrumental role in the ongoing evolution of the Algerian parliament into a force for democratic change and stability. This program has established solid relations with Algerian parliamentarians, conducted several in-country training workshops, and exposed political leaders to the experiences of other countries that have successful democratic models. With the next National Assembly elections this year, the program will be expanded to include activities that promote a more open and transparent electoral process; e.g., nonpartisan training on party organizing and communications, training civic and media organizations in election monitoring techniques, and voter education.

In FY 2000, ESF funds supported justice sector reform and human rights protection. By providing training workshops, as well as opportunities for travel to the United States for discussions with American journalists and NGO leaders, the program has laid the groundwork for the active participation of civil society and the

media in promoting human rights and rule of law. The FY 2003 program will continue efforts to strengthen the professional development, advocacy and public information skills, and strategies of legal professionals, human rights organizations, and the independent media. It also will increase cooperation among civil society sectors on judicial reform issues and increase their substantive knowledge and organizational capacity.

The International Military Education and Training (IMET) program promotes understanding of U.S. values and norms among Algerian military leaders, in turn increasing their support for U.S. policies and objectives. The program increases awareness of international norms of human rights and fosters greater respect for the principle of civilian control of the military. In FY 2003, IMET funds will be used for professional officer training at each of the war colleges, and at the command and general staff colleges. Providing such training ultimately encourages continued reform within the Algerian military establishment, which is gradually moving along a path toward greater pluralism and respect for civilian authority. In such a setting, these officers can establish essential contacts with U.S. counterparts that pay invaluable rewards later in the form of interoperability, coordination, and mutual understanding. Increased IMET-funded English language training will also improve the Algerian military's interoperability with U.S. forces, facilitate interaction in potential contingency operations such as peacekeeping missions, and prepare personnel for increased training opportunities.

Bahrain
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
IMET	249	400	450

The United States has an enduring interest in maintaining access to Bahraini military facilities, particularly after the events of September 11, as a means of ensuring its influence in the Persian Gulf region and fighting the war against terrorism. The government of Bahrain has been extremely helpful and supportive in the area of military cooperation in the context of Operation Enduring Freedom. In October 2001, President Bush designated Bahrain a Major Non-NATO Ally (MNNA) because of the fifty-year-long history of close cooperation with the U.S. Navy and, in the past decade, its hosting of the headquarters of the Fifth Fleet (NAVCENT). In late 2001, Bahrain donated its sole frigate to support Operation Enduring Freedom. Additionally, Bahrain has been a member of the coalition against Iraq since 1990 and has remained a steadfast supporter of U.S. policies toward Iraq and Iran. During its two-year tenure on the UN Security Council (January 2000-02), Bahrain supported U.S. objectives throughout the region.

Strong political and military support for the government of Bahrain under the progressive leadership of King Hamad bin Isa Al Khalifa is a high priority, especially in view of the progress of political and economic reform fostered by the King and Crown Prince. In early May of 2002, municipal elections will be held with males and females voting, as well as Arabic-speaking non-citizen property owners. In October 2002, a lower legislative house will be elected by Bahraini citizens, both male and female. Women will be able to run for and hold office. The legislative elections will be a first for the six-member Gulf Cooperation Council (GCC).

Bahrain's continued support for U.S. worldwide policies on Operation Enduring Freedom and regional policies on Iraq and the Middle East Peace Process will be instrumental in advancing our broad foreign policy objectives in the Middle East and beyond. In FY 2003 the U.S. Government will expand Bahrain's International Military Education and Training (IMET) program, promoting interoperability with existing U.S. and GCC forces in the region. Additionally, Bahrain will be eligible in FY 2003 for grant transfer of Excess Defense Article (EDA) under Section 516 of the Foreign Assistance Act. Grant EDA will be used for defense maintenance, spare parts, support equipment, and other defense needs. The approval of selected commercial arms sales will enable the Bahrain Defense Forces to assume greater responsibility for regional defense.

Such an expansion is in order, given Bahrain's new MNNA status, and will demonstrate tangible U.S. support for that status. Continued military-to-military contacts – particularly in view of the importance of close cooperation during Operation Enduring Freedom, joint military exercises, and the continuation of the U.S.-Bahrain Military Consultative Commission (due to meet next in Manama in early March 2002) – will recognize Bahrain's invaluable support for U.S. force deployments. They will also encourage the development of a professional military command committed to the principle of civilian control. Provision of grant EDA and IMET reflects the crucial support Bahrain provides to the U.S. Fifth Fleet and CENTCOM air assets in the region.

Egypt
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
ESF	693,471	655,000	615,000
FMF	1,297,140	1,300,000	1,300,000
IMET	1,119	1,200	1,200
NADR-EXBS	0	50	135
P.L. 480 - Title II	323	0	0

As the leading country of the Arab world and a key supporter of Middle East peace efforts, Egypt is an indispensable partner in the region. Egypt has fully supported U.S. efforts to fight international terrorism by providing public support, logistical support, financial cooperation, and diplomatic influence. U.S. national security interests are served by supporting stability and prosperity in Egypt.

Egypt plays pivotal roles in the Arab world, the Muslim world, Africa, and the Mediterranean basin. The FY 2003 request for Egypt in Foreign Military Financing (FMF) will continue to: support a modern, well-trained Egyptian military that will help ensure stability in the region; enable Egypt to participate as a coalition partner in operations that further U.S. interests; provide force protection to the U.S. military in the region; and help maintain U.S. access to the Suez Canal and vital overflight routes used to support our forces in the Gulf. Under the cash-flow financing arrangements with Egypt, FMF will be used for: ongoing costs of programs being implemented (20 percent); maintenance of and ammunition for U.S. equipment in current inventory (30 percent); supplements to or upgrades of equipment in service (15 percent); and new programs, including an upgrade for six Chinook helicopters from Block C to Block D, two Gulfstream aircraft, two VIP Blackhawk helicopters, and some patrol boats (35 percent).

Training of Egyptian military personnel under the FY 2003 International Military Education and Training (IMET) program will continue to play a critical role in ensuring that Egyptian defense forces are proficient in the use of newly-acquired U.S. military hardware and capable of supporting U.S. operations. Egypt will continue to be eligible in FY 2003 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Egypt will benefit from the transfer of numerous EDA articles ranging from spare parts to outdated U.S. M-60 tanks that will be specially outfitted for use in Egypt's ongoing humanitarian demining efforts.

As part of its efforts to prevent the proliferation of weapons of mass destruction, their delivery systems, related technologies, and other weapons, the United States is providing NADR Export Control and Related Border Security assistance funds for a cooperative program to help establish fully effective export controls in Egypt. U.S. funding in FY 2003 is focused primarily on an initial assessment of Egypt's capabilities and needs and establishing effective enforcement procedures and capabilities, including through the provision of equipment.

It is critical that Egypt continues its economic reform program in order to sustain its role as a reliable partner in the region. Economic Support Fund (ESF) assistance helps Egypt continue the process of transforming its economy into a globally competitive one that can provide employment opportunities for its people and attract U.S. business interest. The United States accelerated disbursement of ESF in early 2002 based on Egyptian Government policy reforms in health, agricultural, and environmental programs. An additional disbursement was conditioned on passage of money laundering and labor laws, and agreement to tariff reductions in accordance with the World Trade Organization's Basic Telecoms (BTA) and Information Technology (ITA) Agreements. U.S. assistance also helps to alleviate poverty, supports the

development of democratic institutions, expands U.S. exports, bolsters public health services and family planning, and helps Egypt protect its environment.

Of the ESF requested for FY 2003, 79 percent will be used for programs designed to accelerate economic growth, including technical assistance aimed at improving the business and investment climates, increasing agricultural productivity, increasing exports in targeted sectors, strengthening financial markets, and expanding access to power and telecommunications services. Roughly seven percent of the ESF request will support programs related to the environment. The remainder will fund programs meant to reduce the fertility rate, improve health care, support democratic institutions, and increase access to education for girls.

Israel
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
ESF	838,152	720,000	600,000
FMF	1,975,644	2,040,000	2,100,000
ERF-NADR-CTI	0	28,000	0

The United States has a significant interest in a stable, democratic, and economically and militarily strong Israel at peace with its neighbors. Maintaining the qualitative edge of the Israeli Defense Forces (IDF) in the regional balance of power enhances Israel's security, helps prevent regional conflict, and builds confidence necessary for Israel to take calculated risks for peace. Achieving progress toward comprehensive peace and an end to the Arab-Israeli conflict strengthens Israel's security by lowering regional tensions, encouraging the process of "normalization," and strengthening moderates in the region.

Reducing Israel's isolation in the region and in world fora and enhancing Israel's economic relationships (both regionally and in the world economy) serve the U.S. national interest. Such steps reduce Israel's political and economic dependence on the United States and foster stability in a historically volatile region whose importance is vital to U.S. economic and security interests. Promoting market-oriented economic reform in Israel contributes to its economic growth, permits a gradual phasing-out of U.S. economic assistance, enhances Israel's ability to repay its debt to the United States, and opens new opportunities for both U.S. investment and export sales.

The FY 2003 Economic Support Fund (ESF) request will continue to support Israel's economic and political stability. U.S. economic assistance is designed to help relieve the impact of economic burdens Israel has incurred due to its isolation in the region and the unstable situation in the Middle East. ESF may be used to purchase goods and services from the United States; service debt owed to, or guaranteed by, the U.S. Government; pay to the USG any subsidies or other costs associated with loans guaranteed by the USG; service Foreign Military Sales debt; and fund other activities to support Israel's economic needs. The United States continues to work with the government of Israel on phasing out U.S. economic assistance, while encouraging Israel's continued efforts to increase the role of the private sector, promote productive investment, reform taxes, and promote more efficient use of its resources.

The United States maintains a steadfast commitment to Israel's security, to the maintenance of its qualitative military edge, and to strengthening Israel's ability to deter and defend itself. The annual Foreign Military Financing (FMF) that Israel receives constitutes an important part of U.S. support for these objectives. FMF represents about 24 percent of the Israeli defense budget and is crucial to Israel's multi-year defense modernization plan. The FY 2003 FMF request will enable the Israeli government to meet cash flow requirements associated with the procurement of U.S.-origin systems, such as F-16I fighter aircraft, the Apache Longbow attack helicopter, field vehicles, and advanced armaments. Israel's annual FMF level is expected to increase incrementally (by \$60 million each year) to a level \$2.4 billion in FY 2008, as ESF is phased out by \$120 million a year. Israel also will be eligible in FY 2003 to receive Excess Defense Articles under section 516 of the Foreign Assistance Act for defense maintenance, spare parts, support equipment, and other needs.

Jordan
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
ESF	149,670	150,000	250,000
FMF	74,835	75,000	198,000
IMET	1,700	2,000	2,400
NADR-EXBS	0	750	250
NADR-HD	947	850	750
Peace Corps	1,521	1,738	1,573

Jordan shares borders with Israel, the West Bank, Syria, Iraq, and Saudi Arabia. Its critical location and cooperative government have made it a linchpin of regional stability and security. Jordan remains a pivotal country that has signed a peace treaty with Israel and continues to advocate strongly for comprehensive Middle East peace. Jordan was the first Arab and Muslim country to offer support to Operation Enduring Freedom and has played an important role in U.S. counterterrorism efforts. Currently, the Jordanians have deployed a field hospital and a demining unit to Afghanistan in coordination with CENTCOM. U.S. economic and military assistance contributes to a more stable and prosperous Jordan by seeking to improve water resource management, ease the birth rate and improve health care, increase economic opportunities, build a stronger defense capability, and enhance border security capabilities. Promoting economic growth in Jordan enhances its political stability, opens new opportunities for U.S. investment and export sales, and will eventually permit a gradual decrease in U.S. assistance.

The FY 2003 Economic Support Fund (ESF) request will expand efforts to address Jordan's most pressing development challenges: too little water, rapid population growth, and too few jobs. Increased ESF assistance will address some of the social costs of continued economic reforms and complement King Abdullah's proposed investment and growth initiative with its emphasis on further economic reforms. Additional ESF will also support existing programs, which focus on improving water resource management; improving access to, and the quality of, reproductive and primary health care; and increasing economic opportunities for Jordanian citizens.

U.S. funded water sector programs aim to strengthen key water sector institutions, increase water-use efficiency, and improve wastewater quality for agricultural and industrial reuse. FY 2003 funds will support construction efforts for both the Ma'an and Aqaba Water Supply projects and the design and construction of two small-scale wastewater treatments in South Jordan. Funding will also support the rehabilitation of the Irbid and Jerash water networks and the proposed construction of the Mafraq wastewater treatment plant in the North Jordan Valley.

Population and health strategies are designed to improve maternal and child health by ensuring the availability of quality reproductive and maternal health care services and promoting rationalized health care financing. Programs will include expansion of family planning services, renovations of community clinics, nurse training, and support of government health care reform initiatives.

U.S. assistance to expand economic opportunities for Jordanians is designed to capitalize on the United States-Jordan FTA signed in 2001 by promoting trade and investment, supporting the small and micro-enterprise sector, and advancing Jordan's market-based economic restructuring program. Programs include engaging the formal banking sector in lending credit to small entrepreneurs and providing financial services to start-up businesses, support for activities associated with Qualified Industrial Zones, business development services for small and medium-size firms, entrepreneurial and job training programs for

Jordanian youth, support for the Aqaba Special Economic Zone, and technical assistance and cash transfers to the government to support economic reform. In FY 2003, U.S. assistance will also be used to fund scholarship programs and a rural development initiative.

Jordan is critical to U.S. security interests in the region. U.S. security assistance programs – Foreign Military Financing (FMF) and International Military and Education Training (IMET) – buttress Jordan's ability to maintain secure, peaceful borders with Israel, Iraq, and Syria. FMF also helps the Jordanian Armed Forces modernize and address readiness and sustainment requirements. For FY 2003, Jordan proposes to use FMF funds to upgrade its air defense systems, enhance transportation, and augment command, control, and communication capabilities. FMF also will modernize aging defense systems, including anti-tank missiles. Finally, the FY 2003 increase will support the first year of a three-year program to enhance Jordan's border security capabilities, including acquisition of Black Hawk helicopters.

IMET training reinforces democratic principles of civilian control of the military, enhances interoperability with U.S. forces, promotes military professionalism, and reinforces among core supporters of the regime the importance of a strong, cooperative political/military relationship with the United States. Jordan sends students to Professional Military Education (PME) courses including U.S. service war colleges, command and staff colleges, and other key PME courses. Jordanian attendance at such PME courses helps foster one-to-one relationships that pay invaluable rewards later in the form of interoperability, access, coordination, and mutual understanding. IMET-funded maintenance, logistics, and specialist training provide military leaders with the skills to maintain its stocks of U.S. equipment and enhance Jordan's value as a training and coalition partner. In addition, Jordan is eligible to receive U.S. Excess Defense Articles (EDA) under section 516 for the Foreign Assistance Act to help the government make maximum use of scarce funds for critically needed equipment and spare parts.

FY 2003 NADR funds for humanitarian demining will be used to continue an on-going program to prevent civilian casualties by removing landmines in the Jordan River Valley, along the Jordan-Syria border, and in the Rift Valley. The demining program maintains a force of 380 combat engineers and is internationally recognized as one of the best such programs in the world. As part of our efforts to prevent the proliferation of weapons of mass destruction, their delivery systems, related technologies and other weapons, FY 2003 NADR funds for export control and related border security will be used for a cooperative program to help establish fully effective export controls in Jordan. This funding will focus primarily on strengthening Jordan's enforcement procedures and capabilities, including through provision of training and equipment.

Lebanon
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
DA	600	600	500
ESF	34,923	35,000	32,000
IMET	546	600	700
NADR-HD	1,000	1,200	900

The United States has a strong interest in promoting a stable, independent, democratic, and economically strong Lebanon as a factor for peace and stability in the region. Lebanon is still recovering from its sixteen-year civil war and making slow progress toward rebuilding its civil institutions, reestablishing the rule of law, and implementing economic reform. In the wake of the withdrawal of Israeli forces from south Lebanon in spring 2000, development needs have increased as the south rebuilds and the government tentatively begins to reestablish its presence there. A prosperous, independent, and secure Lebanon will open new opportunities for U.S. investment and export sales, help weaken support for extremist/terrorist groups such as Hizballah, and contribute to the fight against illegal drugs and counterfeiting.

The FY 2003 Economic Support Fund (ESF) request for Lebanon will be used to promote economic growth, build democracy, and protect the environment. In the area of reconstruction and economic growth, the flagship of USAID's program will continue to be the Rural Community Development Clusters, which will include 600 communities and 80 percent of Lebanon's rural poor in activities in basic infrastructure, income production, environment, and civil society. The clusters program has already been expanded to areas formerly under Israeli occupation and will continue to increase there. USAID plans to continue the Dairy Improvement Program, which imports U.S. dairy cows and provides quarantine, inoculation, and nutritional and veterinary care. The Microcredit Program will continue to provide village banking loans – targeted primarily at women – through commercial agreements and NGO grants. ESF will also support activities to prepare Lebanon for accession to the WTO.

The democracy program will provide assistance and technical support to critical central and local institutions of the government of Lebanon that are directly linked to its ability to enact public policy and provide social services. USAID will continue to provide technical assistance that reinforces the concepts of transparency, accountability, and effectiveness of government. In addition, U.S. support for the American educational institutions in Lebanon will encourage the development of civil society. ESF will help provide these institutions with both programmatic support and grants for scholarships and their core activities.

The environment program aims to help the Lebanese people better understand their environmental problems, point the way to policy reforms, and improve awareness of landmine fields and mine-clearance operations. The program promotes the development of wastewater and solid waste treatment activities in rural community development clusters, including treatment of potable water, soil conservation, and environmental awareness campaigns.

International Military and Education Training (IMET) funding for FY 2003 will reinforce the democratic principle of civilian control of the military as well as reduce sectarianism in one of the country's major institutions. This will buttress progress made in recent years by the Lebanese leadership to develop the Lebanese Armed Forces as a unifying national institution. Lebanese attendance in U.S. Professional Military Education (PME) courses helps foster one-to-one relationships with U.S. counterparts that pay invaluable rewards later in the form of interoperability, access, coordination, and mutual understanding. Furthermore, IMET-funded maintenance and logistics training will help increase readiness. Lebanon will

be eligible to receive grant Excess Defense Articles (EDA) in FY 2003. Grant EDA supplies much needed spare parts and equipment to maintain military readiness and support military operations.

FY 2003 humanitarian demining assistance under the Non-Proliferation, Anti-terrorism, Demining, and Related Programs (NADR) account will finance an on-going program to remove land mines throughout Lebanon. Also, Development Assistance is used through the Leahy War Victims Fund to fund demining activities.

Morocco
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
CSD	4,902	4,600	0
DA	5,685	5,713	6,713
FMF	2,495	3,500	5,000
IMET	999	1,000	1,500
Peace Corps	2,252	2,977	2,594
P.L. 480 Title II	591	0	0

The United States has an interest in supporting the economic and democratic development of Morocco, a moderate, stable, Arab, and Islamic country. Morocco, the first country in the world to recognize the independence of the United States, was among the first Islamic countries to publicly condemn the attacks of September 11. It has continued to support the United States in the war against terrorism and has long been a reliable ally, providing troops in Desert Storm, Somalia, Bosnia, Rwanda, and Kosovo and providing important low-key mediations in efforts to find peace in the Middle East. Finally, its location on the Straits of Gibraltar makes Morocco a strategic anchor for U.S. interests in Africa, Europe, and the Arab world.

Morocco has embarked on a program of political, social, and economic reform perhaps unique to the Middle East and North African region. With former King Hassan II's appointment of a former opposition exile as Prime Minister in 1998, followed by the ascension to the throne of King Mohamed VI in 1999, Morocco's leaders have clearly signaled their commitment to transparency and democracy, as well as social and economic development. The government has pursued policy choices for more economic liberalization and openness. Decentralization has given new authorities to local officials, and civil society has blossomed. And, the King and the Government have pledged open and fair parliamentary elections in September 2002.

At the same time, the country faces formidable development challenges. Poverty is increasing because of the lack of economic opportunities and productive resources: more than 5.3 million Moroccans (19 percent of the total population) live on less than one dollar per day (below the poverty line), and another 30 percent are at risk. Repetitive droughts further jeopardize Morocco's economic base and drive impoverished farmers and families to urban slums where they swell the ranks of the unemployed. Urban unemployment passed 20 percent in 2000. The September 11 events added to Morocco's woes, as tourism dropped 40 percent. Even so, Moroccans place high hopes on tourism for their economic future. Although Morocco's per capita income qualifies it as a middle-income country, its social indicators are closer to those found in a low-income country. For example, fifty-three percent of the population (66 percent female) is illiterate, compared to 11 percent (17 percent female) in Jordan, a country similar in terms of per capita income; maternal mortality reached 230 per 100,000 live births (41 in Jordan). Overall, Morocco ranks 124th in the UN Development Program's Human Development Index, well behind its North African neighbors and Jordan, which ranked 92nd. The reforms are fragile and threaten the status quo. They need to be consolidated.

U.S. assistance programs will help Morocco to serve as a positive political and economic example in the region in the region and strengthen its position as a moderate Arab friend of the United States. The FY 2003 Development Assistance (DA) request will be targeted on supporting broad-based economic, social sector, and democratic growth. FY 2003 Economic Support Fund (ESF) requested under the U.S. North African Economic Partnership will supplement DA-funded activities to improve the environment for trade and investment. FY 2003 ESF from the Middle East Democracy Fund will support efforts to improve the capacity and participation of civil society in support of citizens' rights.

Morocco's DA/Child Survival budget has been relatively modest in recent years. Therefore, the program targets one key economic region of Morocco in order to maximize impact. A two-pronged approach uses demonstration projects to introduce new technologies or approaches, paralleled by policy dialogue at the national and regional level to encourage sustainability and replication elsewhere. Two key strategic objectives for which funding is being requested are linked to and focus on the two fundamental resource issues for Morocco's economy: increasing opportunities for domestic and foreign investment, and improving water resources management. Two special objectives address key long-term issues of health and education: promoting sustainable population, health, and nutrition programs, and increasing basic education attainment for girls in rural areas. Particular attention is given to gender and public-private partnerships to maximize synergies across sectors.

FY 2003 DA will support continuing and new activities to improve water resources management. Funding will support the Moroccan government's national strategy for environmental protection and sustainable development, managing water demand, and preventing further degradation of existing water resources. This USAID-GOM partnership has already shown impressive results, including creation of the Souss-Massa River Basin Agency and large savings in irrigation projects. For example, the annual water savings in the Tadla irrigation program, using laser leveling, is about 200 million cubic meters – enough water to supply the annual needs of the city of Fez. This success is serving as a model for other areas of Morocco.

DA funds will be used to build on past successes with policy reform at the national and provincial levels to build models for girls' education in rural schools. Although much progress has been made, Morocco is still far from achieving expected levels of school attendance, retention, and literacy, especially for females, due in large part to the great economic disparities between urban and rural areas. DA program funds will continue to support rural schools by building stronger school-community relationships through integrated activities to improve the teaching skills of rural teachers, increase community involvement in children's schooling, and improve the management skills of local Ministry staff. These efforts will increase the participation of girls in rural schooling and prepare them to participate more fully in Morocco's political and economic development.

The FY 2003 request for ESF under the Middle East Democracy Fund program will continue to support the three areas of civil society, rule of law and respect for human rights, and governance. The Democracy & Governance program in Morocco is in the process of laying the groundwork for a high performing civil society. Thus, resource decisions have been geared primarily toward strengthening the capacity of civil society groups to manage their organizations democratically, advocate effectively, establish supportive networks, and deliver services efficiently. Gender equity under the law is primary in this movement, hence the launching – and extension – of the women's legal rights program. Work on the upcoming elections process by NDI, IRI, and IFES will support Morocco's September 2002 exercise in the democratic process.

In addition to economic assistance, the United States provides military assistance to Morocco through the International Military Education and Training (IMET) and Foreign Military Financing (FMF) programs. These two programs will play an ever more vital role in securing and making operational U.S.-Moroccan military cooperation as the war on terrorism progresses.

The FY 2003 IMET request will significantly expand the current program of sending approximately 70 military students (90 percent of whom are officers) per year to the United States for professional military training. They attend both war college and other more operational courses. The program has been highly successful in professionalizing the officer corps, and its graduates occupy key military positions. The program has ensured smooth operations between U.S. and Moroccan forces in the many multilateral operations Morocco has participated in, including Desert Storm, Somalia, Bosnia, Rwanda, and Kosovo. It

has also ensured extraordinary U.S. access to the highest levels of the Moroccan armed forces. Finally, the IMET program has helped sensitize Moroccan officers to international standards of human rights.

The FMF requested for FY 2003 is needed to provide increased support for sustainment of Morocco's large stock of aging U.S.-origin equipment. FMF helps transport and refurbish equipment and spare parts obtained from the United States through the Excess Defense Articles (EDA) program. FMF supports interoperability with U.S. and NATO forces, facilitating joint exercises and joint peacekeeping and combat operations.

Morocco will be eligible in FY 2003 to receive EDA under section 516 of the Foreign Assistance Act. The transfer of EDA to Morocco will assist it to meet its own defense requirements and will further interoperability with the United States and NATO.

Oman
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
FMF	0	0	20,000
IMET	250	500	750
NADR-EXBS	0	20	100
NADR-HD	273	307	50

Oman occupies a strategic location on the underbelly of the Arabian Peninsula and on the southern shore of the Straits of Hormuz. As the Straits form a key naval chokepoint for a very large percentage of the world's oil and gas shipments, the Oman-U.S. relationship is critical to U.S. defense interests, not only in the Persian Gulf region, but also globally. Since concluding a bilateral agreement with Oman in 1980, the United States has had access to Omani military bases. This has proven invaluable for U.S. combat support and readiness in the Gulf. Oman has been a stalwart supporter of the U.S.-led Operation Enduring Freedom, providing support in a wide variety of areas. Oman has also been an active, long-time supporter of U.S. political and military initiatives vis-à-vis Iraq.

The United States has a critical interest in ensuring that Oman continues to participate in efforts to promote regional stability, as well as in retaining access to key Omani military facilities. For FY 2003, Oman proposes to use Foreign Military Financing (FMF) funds to begin to upgrade its military base infrastructure, which has been used extensively by U.S. forces since the 1991 Gulf War. As part of U.S. efforts to enhance bilateral military cooperation, the FY 2003 International Military Education and Training (IMET) program will finance U.S. training and education for Omani military personnel as the Omani armed forces continue to modernize their forces and doctrine. Oman will be eligible in FY 2003 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Omani access to EDA will help interoperability and coalition defense efforts. The U.S. humanitarian demining program training that began in March 2001 is progressing satisfactorily. FY 2003 NADR funds will continue demining activities in Oman, moving toward the completion of a successful program.

Finally, as part of its efforts to prevent the proliferation of weapons of mass destruction, their delivery systems, related technologies, and other weapons, the United States plans to provide NADR Export Control and Related Border Security assistance funds for a cooperative program to help establish fully effective export controls in Oman. FY 2003 NADR funding will focus primarily on an initial assessment of Oman's capabilities and needs and establishing effective enforcement procedures and capabilities, including through the provision of equipment.

Saudi Arabia
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
IMET	0	25	25
NADR-EXBS	10	30	80

Following the September 11 terrorist attacks on the World Trade Center and the Pentagon, Saudi Arabia pledged its cooperation in the subsequent campaign against terrorism. In honoring that pledge, Saudi Arabia provides crucial logistical support for U.S. requests related to Operation Enduring Freedom. Saudi Arabia remains a strong ally of the United States and provides political and logistical support for programs like Operation Southern Watch. Military-to-military relations have been forged over years of U.S. support to Saudi Arabia's military programs through training and joint exercises. Continued military contacts will encourage the development of a professional military command and armed forces, which will allow the Kingdom to assume a greater role in self-defense and assist the United States in achieving its policy goals in the region.

The International Military Education and Training (IMET) requested will permit the Saudi government to purchase military training in the United States at considerably less cost than what the United States charges non-IMET eligible countries. While Saudi Arabia controls the world's largest oil reserves, it faces increasing budget pressure to meet the needs of its rapidly growing, young population of nearly 20 million. Its 2000 estimated per capita income decreased from the previous year. The Saudi military faces diminished funding and, as a result, has sought less expensive – and less effective – training from other countries, leading to diminished experience with U.S. equipment and techniques and the risk of decreased interoperability with U.S. personnel.

Providing military instruction at a reasonable cost reinforces the U.S.-Saudi bilateral training programs managed by the Saudi Arabian National Guard (SANG) and United States Military Training Mission (USMTM) programs and also ensures continued close U.S.-Saudi military interaction. Saudi attendance at Professional Military Education (PME) courses helps foster one-to-one relationships that pay invaluable rewards later in the form of interoperability, coordination, and mutual understanding. Also, maintenance, logistics, and specialist training will enhance the Saudi military's value as a training and coalition partner. In short, including Saudi Arabia in the IMET program helps ensure a continued high level of Saudi attendance at U.S. schools that provide the skills necessary for Saudi officers to maintain a sophisticated level of military expertise geared towards interoperability with U.S. forces, as well as the ability to maintain the extensive inventory of sophisticated systems U.S. corporations sell to the Kingdom. Greater exposure to training in the United States will help Saudi military personnel understand U.S. values, ideas, and policies. The program increases awareness of international norms of human rights and fosters greater respect for the principle of civilian control of the military and the rule of law.

Finally, as part of its efforts to prevent the proliferation of weapons of mass destruction, their delivery systems, related technologies and other weapons, the United States plans to provide Non-proliferation, Anti-terrorism, Demining and Related Programs (NADR) funds to support an Export Control and Related Border Security assistance program with Saudi Arabia. Funds will help establish fully effective export controls in Saudi Arabia. FY 2003 NADR funding will focus primarily on an initial assessment of Saudi Arabia's capabilities and needs and establishing effective enforcement procedures and capabilities, including through the provision of equipment.

Tunisia
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
FMF	3,493	3,500	5,000
IMET	968	1,000	1,500

A secular Muslim state whose society is arguably the most progressive and Western-oriented in the Arab world, Tunisia serves as a regional model for social and educational development without instability. Tunisia has long been well disposed to the U.S. presence in the region and looks to U.S. leadership in the political and economic sphere despite its colonial ties to France. It is staunchly anti-terrorist and has been very supportive of U.S. counterterrorism efforts. It offered access to Tunisian bases in support of Operation Enduring Freedom and, in its capacity as the Arab non-permanent representative on the UN Security Council in 2001, supported UNSCR 1368 and 1373. With close links to the PLO, Tunisia exerts significant political influence in the region. It has consistently supported U.S. positions on Middle East issues in the UN and other international fora and has been a voice of moderation in Arab councils and with the PLO. Tunisia's development strategy, emphasizing women's emancipation and education, is one we would like others in the region to emulate. It has a professional and apolitical military that has participated in 12 peacekeeping operations missions since 1992. The U.S. interest is to continue and, in some areas, intensify its efforts to ensure a strong, durable fabric of bilateral relations and to promote regional stability in the southern littoral of the Mediterranean.

The United States seeks to reinforce Tunisia's moderation and continuing support for U.S. Middle East policies. The FY 2003 increase in the Foreign Military Financing (FMF) and International Military Education and Training (IMET) levels sends a clear, reinforcing signal. Funds will address critical Tunisian operational and logistical shortfalls that the Tunisian military must overcome if it is to ensure that Tunisia can adequately defend itself and meet its international peacekeeping commitments. Funds support Tunisia's role as a regional partner and facilitate continued participation in regional security operations. Seventy percent of the Tunisian military's equipment is U.S.-origin, aging, and cannot be maintained within current budgets. FMF will be used primarily for spare parts, maintaining and sustaining Tunisia's fleet of U.S. military equipment, much of which was derived from Excess Defense Articles (EDA) stocks.

Tunisia will be eligible in FY 2003 to receive EDA on a grant basis under section 516 of the Foreign Assistance Act. Provision of grant EDA will serve U.S. interest in assisting Tunisia to enhance military readiness and upgrade/maintain vital military equipment.

The FY 2003 IMET program will fund U.S. training and education for Tunisian military officers. Tunisia's IMET program promotes the U.S. goals of stability and democracy and increases the familiarity of Tunisia's officer corps with U.S. military practices and U.S. foreign policy (current Tunisian President Ben Ali is a graduate of IMET). IMET-funded maintenance, logistics, and specialist training provide military leaders with the skills to maintain its stocks of U.S. equipment and enhance Tunisia's value as a training and potential coalition partner. In fact, Tunisia currently has almost 300 troops deployed in the UN peacekeeping missions in the Democratic Republic of Congo (MUNOC), Eritrea (UNMEE), and Kosovo (UNMIK). IMET-funded English language training has been widely used to enhance Tunisian officers' English language skills. This training, together with FMF-provided material sustainment assistance, helps facilitate combined training and interoperability.

The United States will continue to support Tunisian government efforts to move the economy from one that was state-controlled to one in which economic activity is driven by private industry. Under the U.S.-North Africa Economic Partnership (USNAEP) program, Economic Support Funds (ESF) will continue to operate

the Global Technology Network program, an electronic network that connects local business people with potential American suppliers. This serves to increase U.S. exports while helping Tunisian companies to grow. Funds also will support the Humphrey Fellowship Program, which provides exchanges in industry sectors important to the Tunisian economy. Inter-university link programs are being established to help Tunisian universities develop American-style business education programs.

Middle East Democracy ESF money is currently being used to support small grants for democracy in Tunisia. The Small Grants Program, with its emphasis on building civil society, is an important tool in the effort to prevent the growth of extremism and terror in the region by fostering constructive outlets for civic participation.

United Arab Emirates
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
NADR-EXBS	340	350	350

Through a combination of careful management of oil resources and free trade and open market policies promulgated by its leadership, the United Arab Emirates has become the Gulf's most attractive business destination. U.S. relations with the UAE have developed significantly since the 1991 Gulf War and have become especially close and mutually supportive since the beginning of Operation Enduring Freedom. The UAE is the tourism, financial, transportation, trans-shipment, and trade center of the Gulf region, and 20,000 American citizens live and work there as a result. U.S. Navy ships pay regular liberty calls at Dubai, which boasts the largest port in the region and one of the top ten busiest ports in the world. The UAE is very open to continued strong relations with the United States and considers its fundamental interests and values as compatible with U.S. goals. Given its proximity to Iran and Iraq, and the massive quantities of goods that are transshipped through UAE ports and airports, the United States seeks to engage with the UAE in tracking such shipments in order to intercept possible flows of weapons of mass destruction (WMD) components. Relatively modest U.S. technical assistance to the UAE will be critical in making its federal and emirate authorities better able to focus their tracking of possible shipments through UAE ports and airports of WMD components and related materials.

As part of efforts to prevent the proliferation of WMD, their delivery systems, related technologies, and other weapons, the United States plans to provide NADR Export Control and Related Border Security assistance program funds for a cooperative program in the United Arab Emirates. FY 2003 NADR funding will focus on providing technical assistance to refine the UAE's legal basis for effective enforcement procedures, boost institutional capabilities to deter transshipment of WMD materials, and help develop technical skills to boost capabilities for controlling the transshipment of items that could be used to design or develop WMD. As part of the strategy, the UAE will pay for all acquisitions of materials and equipment.

West Bank/Gaza
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
ESF	70,557	72,000	75,000

As an integral part of our engagement with the Israelis and Palestinians to end the violence, restore trust and confidence, and ultimately return to direct negotiations, U.S. assistance to the West Bank and Gaza contributes directly to the core U.S. foreign policy goal in the Middle East. U.S. assistance is targeted on projects that address the goals of increasing stability in the region and demonstrating to the Palestinians the tangible benefits of peace. U.S.-funded projects improve the quality of life for Palestinians living in the West Bank and Gaza, limit the influence of radical elements, and help avoid a humanitarian crisis in the region.

ESF-funded USAID programs focus on basic human needs, including community and village-level services, mother and child health care, and clean drinking water in the West Bank and Gaza. These programs also support moderate, democratic Palestinian civil society groups and private businesses (especially micro-enterprises) and provide skills training in areas such as information technology and health care. USAID programs have directly benefited more than 800,000 mainly rural Palestinians in more than 200 villages throughout the West Bank and Gaza – creating jobs, improving health care, and providing clean water in homes for the first time.

The United States focuses a major portion of its assistance to the Palestinians on expanding scarce water resources. In addition to the health problems caused by water consumption rates well below WHO's minimum standards, the inadequate water supply limits economic development. U.S.-funded projects will include continued improvements in the water supply and management in Gaza, the creation of new sources of fresh water in the West Bank through the digging of wells, the development of wastewater treatment facilities in the West Bank, and the construction of a desalinization plan in Gaza.

Over the last fifteen months, U.S. assistance has focused increasingly on emergency humanitarian assistance, including job creation and additional contributions to the UN Relief and Works Agency (UNRWA) for food distribution and employment-creation projects targeting impoverished refugees. This assistance augments contributions from the State Department's Bureau of Population, Refugees, and Migration. Total USG contributions make up nearly 30 percent of UNRWA's regular budget.

U.S. assistance to the Palestinian people is fully supported by the government of Israel. No funds are provided to the Palestinian Authority or the PLO. All USAID programs are carried out through U.S. contractors, U.S. NGOs, and Palestinian NGOs, and USAID maintains close accounting of all funds. Furthermore, working closely with the country team, USAID carefully carries out background checks on all Palestinian NGOs that are recipients of funds to ensure that there are no links to terrorist organizations or to organizations that advocate or practice violence.

Yemen
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
ESF	3,991	5,000	10,000
FMF	0	0	2,000
IMET	198	450	650
NADR-EXBS	140	50	150
NADR-HD	1,023	750	765

Yemen is one of the world's poorest, least developed countries and suffers from high illiteracy rates, explosive population growth, high infant mortality, low worker skill levels, and an undiversified labor force structure. Its infrastructure is primitive and its population is overwhelmingly rural and traditional. Economically, Yemen has only limited petroleum and natural gas reserves, but controls one of the primary international strategic lines of communication and shipping – the Bab el Mandeb. Yemen's current political formation dates back only to 1990 with the unification of North and South Yemen. Despite these problems, Yemen is at the forefront of the Arab world in both democratic and economic reform and has taken significant strides toward opening its multi-party political system to full public participation, including women. It has also embarked on an IMF-sanctioned economic reform program that includes a commitment to increase foreign investment and international trade. However, severe financial constraints limit the government's ability to finance basic education, health services, and vocational training for the growing population.

Yemen is open to continued improved relations with the United States and considers its fundamental interests and values compatible with U.S. goals, including the war against international terrorism. Yemen has publicly sided with the international coalition, is embarking on a long-term domestic counterterrorism program, and is seeking international assistance. U.S. assistance to Yemen will be critical to ensuring that Yemen's counterterrorism initiatives are successful and that its reformist policies remain on track and serve as an example to other countries in the region.

The government of Yemen has consistently emphasized with donors its commitment to making investments in people to strengthen Yemen's human resource base. Therefore, as part of an overall, long-term strategy, Economic Support Funds (ESF) requested for FY 2003 will continue to focus on human resource development. Special emphasis will remain on graduate degree scholarships and short-term, in-service training programs in key sectors, including basic education (particularly for girls and women) and health care delivery (with particular emphasis on maternal and child health and child spacing). This training, conducted both in Yemen and overseas, will be focused on both private and public sector leaders and potential decision makers who will be responsible for policy planning and managing Yemen's economic and social programs.

Consistent with the Yemeni government's expressed priorities, U.S. assistance will be targeted in areas that will maximize returns, be flexible enough to sustain Yemen's modernizing economy, and support democratization efforts. For example, ESF will support girls' education efforts ranging from providing adequate classroom facilities to curriculum development and teacher training. This is also a critical time for providing further assistance to Yemen in the areas of health care and, in particular, family planning to reduce the burgeoning population growth rate. Given the importance of females in the delivery of social services as teachers, health workers, a critical mass/pool of trained females must be established. Accordingly, 50 percent of the training opportunities will be targeted for female candidates.

A U.S.-funded scholarship program begun in the early 1980s has allowed over 900 Yemenis to receive degrees, over 700 of which were earned in the United States. While the total number of Yemeni students who have received U.S.-provided scholarships may be relatively small, the value of the enormous contribution made by this group to the whole of Yemen is incalculable. Most U.S.-educated Yemenis are firmly integrated into modern Yemeni society. They now hold key government positions (including cabinet ministerships) or are prominent academics, journalists, policy makers, and businessmen. In order to maximize return on investments, scholarship programs funded with FY 2003 ESF will focus on providing two-year master's degree scholarships.

FY 2003 Foreign Military Financing (FMF) and International Military Education and Training (IMET) funds will enhance bilateral military cooperation and help secure Yemen's active participation in efforts to promote regional stability. For FY 2003, funds will provide essential military training, procuring spares for existing U.S. military end items, and supporting the development of a Yemeni Coast Guard. IMET will fund U.S. training and education for Yemeni military personnel as the military force shifts toward Western practices and doctrine. Yemen initially became eligible to receive Excess Defense Articles (EDA) on a grant basis under section 516 of the Foreign Assistance Act (FAA) in 1999. In FY 2003, Yemen will again be eligible to receive EDA on a grant basis and hopes to use this program to help the development of a basic coast guard capability. This equipment will permit the Yemenis to acquire a rudimentary capability with which to monitor illegal trafficking through its waters, track environmental issues, and enhance the safety of vessels passing through the Bab el Mandeb Straits. Moreover, the NADR demining program in Yemen is progressing at an excellent rate. Current plans for FY 2003 NADR funds are to train further and equip the eight active demining companies in Yemen.

Finally, as part of its efforts to prevent the proliferation of weapons of mass destruction, their delivery systems, related technologies and other weapons, the United States plans to provide NADR Export Control and Related Border Security assistance funds to a cooperative program to help establish fully effective export controls in Yemen. FY 2003 NADR funding will focus primarily on an initial assessment of Yemen's capabilities and needs and establishing effective enforcement procedures and capabilities, including through the provision of equipment.

Iraq Opposition
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
ESF	24,945	25,000	25,000

Assistance to the Iraq opposition directly supports U.S. efforts to bring about regime change in Iraq, a key U.S. policy priority. The ultimate goal of the United States is a new Iraqi government that represents the Iraqi people, respects human rights and the rule of law, obeys Security Council resolutions, is committed to living peacefully with Iraq's neighbors, and maintains Iraq's territorial integrity.

The FY 2003 Economic Support Fund (ESF) request for the Iraq Opposition Program will support the Iraq opposition, fund efforts to hold Saddam Hussein and his top associates accountable for their crimes against humanity and other offenses, provide humanitarian relief to the people of Iraq, and support initiatives to plan for transition in a post-Saddam Iraq.

In supporting the Iraq opposition, the United States plans to continue to provide funding for the Iraqi National Congress (INC), an umbrella organization of opposition groups, but will also seek out other opposition groups that may be able to use our funding effectively. Funds for the INC will aid the organization to help them organize themselves into a more effective voice of the Iraqi people, assist them in garnering international support, and implement programs that will help bring about new leadership in Iraq. These programs include television and radio broadcasting, planning and training for instituting democracy and rule of law following regime change, support for war crimes charges against top regime leaders, information collection, and activities that will unite the opposition. Funding of other Iraqi opposition groups will support complementary activities.

A portion of the FY 2003 ESF will provide humanitarian relief to the people of Iraq. With the anticipated replacement of the present sanctions system with a goods review list, it will be possible for non-governmental organizations (NGOs) to increase their activities inside Iraq. Through a competitive grants process, we will fund NGOs which have demonstrated the capacity to carry out programs of humanitarian assistance through projects that will reach the most Iraqis effectively.

In FY 2003, funds will continue programs devoted to holding Saddam Hussein and his top associates accountable for crimes against humanity and other crimes. Funds will be used to assist NGOs in the preparation of case files and the gathering of witness testimony and documentary and video evidence. Some funds will also be used toward translation of captured Iraqi documents and other materials and acquisition and analysis of satellite imagery, all of which should contribute to the growing body of evidence of the Iraqi regime's crimes. As part of this effort, ESF will also be used for the surveying and treatment of Iraqi civilian victims of chemical and biological weapons attacks.

As part of the long-term strategy to provide a viable alternative government, ESF will support various programs relating to planning for the transition of Iraq after Saddam Hussein is no longer in power. Such activities include transitional justice, public health, education, building a free press, building a civilian-controlled Iraqi military, and anti-corruption planning.

Finally, a small portion of the funding may be used to provide technical assistance to grant recipients to increase their level of performance and ensure compliance with applicable rules and regulations regarding the use of federal funding.

Middle East Democracy
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
ESF	3,991	5,000	5,000

The development of a democratic culture in the Near East – based on representative government, strong civil society institutions, and respect for individual human rights – directly supports U.S. goals of fostering democracy and combating terrorism worldwide. The United States provides assistance to encourage countries in the establishment of democratic institutions, respect for the rule of law, and the embrace of active civil societies. By building foundations on these principles, countries are better able to transfer power peacefully, promote economic investment by improving confidence in the business sector, and address the root causes of extremism. Promoting democratic reform thus serves U.S. interests by helping enhance the peace and stability of the Near East region.

Democratic reforms initiated during the last several years by nations in North Africa and the Middle East continue to move forward. Public participation in political life in many states is increasing through the growth of active non-governmental organizations (NGOs) and the expanded role of elected legislatures/advisory councils. To encourage this democratization movement and provide support for further change and openness, FY 2003 ESF requested for Middle East Democracy will help to provide technical assistance, practical training, and other support in four key areas: strengthening of civil society and an independent press; promotion of rule of law and human rights, including reform of the judiciary; development of more representative and accountable governments through free and fair elections and other means; and greater social and political rights for women.

Because a vibrant civil society encourages greater citizen participation in government decision-making and increases government accountability and responsiveness to citizen concerns, democracy funds will continue to aid local NGOs throughout the region. U.S. assistance will increase NGO effectiveness through training programs designed to improve NGO organizational and networking skills. At the same time, a small grants program that now supports projects in Morocco, Algeria, Tunisia, Yemen, and Oman will continue to supply civil society groups with needed funds to carry out democracy-related projects.

Respect for the rule of law and human rights are cornerstones of a democratic society. Accordingly, democracy funds will expand funding for judicial reform programs that seek to modernize legal codes and provide training for judges, court officials, and journalists on the administration of justice, combating corruption, and the protection of human and private property rights.

Legislatures and elected advisory councils are increasingly active and prominent in several countries. Democracy funds are currently building upon efforts to improve the capacity and effectiveness of these bodies through in-country training and visits to the United States for a first-hand look at how U.S. legislators represent their constituents. Assistance will also be provided to help prepare for and conduct free and fair elections, including parliamentary elections in Morocco and Algeria.

A continuing theme in democracy programs will be the active inclusion of women in both civil society and government. Democracy funds are providing support for women’s advocacy groups in Morocco, the Small Grants Program includes projects that promote women’s legal literacy, and the Persian Gulf Regional Democratization Project will concentrate portions of its training opportunities in select Gulf states on issues affecting women in the Near East region.

Middle East Multilaterals
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
ESF	2,994	3,000	3,000

The Multilaterals program of the Middle East Peace Process (MEPP) grew out of the 1991 Madrid Peace Conference in recognition that U.S. national security would benefit by Arab-Israeli reconciliation and cooperation on a broad array of issues. Working groups were established in the areas of Arms Control and Regional Security, Environment, Regional Economic Development, Refugees, and Water Resources. These groups were set up to offer formal venues promoting discussion of regional issues among senior-level Arab and Israeli government officials from the Middle East-North Africa region; to garner the expertise and resources of the international community in supporting concrete projects; and to complement bilateral negotiations by providing another forum promoting cooperation and dialogue among regional parties (e.g., Israel, Palestinian Authority, Jordan, Egypt, Morocco, Tunisia, Lebanon).

The Middle East Regional Cooperation (MERC) program supports complementary activities advancing regional cooperation to promote peace and stability. However, the MERC program largely targets academia and non-governmental groups, whereas the multilateral projects of the MEPP primarily partner with governments in the region.

During particularly difficult times in the bilateral process, the multilateral track and its projects often have been the only active component of the peace process. Although formal meetings of the working groups have not taken place for a number of years due to the political climate in the region, multilateral projects advancing working group goals and MEPP objectives continue to be undertaken with regional and international participants collaborating. As the United States works with the parties in the region and others to encourage them to take steps to end the violence, restore confidence and prosperity, and resume negotiations, it is imperative that the United States maintains its leadership role in funding multilateral MEPP-related activities.

Key concerns confronting the region involve water and environment issues. Multilateral projects in these fields will continue to focus on cooperative activities supporting and complementing bilateral contacts, particularly among the “core parties” (Israel, the Palestinian Authority, Jordan). FY 2003 Economic Support Funds (ESF) will be directed to new and ongoing initiatives in such areas as water data banks, dryland management, wastewater treatment, rainfall intensity, pesticide use, water conservation, water information networks, desalination, watershed monitoring, coastal zone management, desertification prevention, and environmental training.

Exemplifying regional collaboration supported by international funding and expertise is one of the major, ongoing water resource projects – the Water Data Banks project. It is an umbrella project, including rainfall intensity studies, groundwater modeling training, sharing of meteorological data, and identifying and publishing data and maps of regional trends in water quality characteristics. The United States, France, the Netherlands, Norway, the European Commission, and Canada contribute personnel and financial resources to the endeavor. Regional participants are officials and experts from Jordan, Israel, and the Palestinian Authority. Despite the current unsettled situation in the region, participating regional officials have expressed a desire to continue this – and other – water projects, to the maximum extent possible. In the last year, the United States has hosted several meetings of the regional expert participants to ensure continued progress on the activities.

The FY 2003 ESF request will be used to implement not only water and environment programs such as those described above but also projects assisting Palestinian refugees. ESF assistance to Palestinian refugees has and will continue to focus on job training, job creation, human resource development, curriculum development, peer mediation training, and tolerance education (such as revising Palestinian textbooks to remove anti-semitic language). In FY 2001 and FY 2002, the United States has helped fund university scholarships for Palestinian refugee women in Lebanon. The multilateral, multi-year effort is sponsored by the UN Relief and Works Agency (UNRWA).

In FY 2003, the United States will also support programs implementing conflict resolution measures and strengthening Arab-Israeli ties. Reducing tensions in the region by bringing together Arab and Israeli security experts to discuss issues of mutual concern has been a vital interest of the Arms Control and Regional Security Working Group. With FY 2003 ESF, continued U.S. funding of Track II meetings and seminars is crucial to advancing regional security dialogue. In FY 2003, the United States will further promote Arab-Israeli ties through the Middle East Cancer Consortium (cancer research studies) and through economic partnerships advancing economic growth and regional stability.

Middle East Regional Cooperation
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
ESF	4,989	5,000	5,000

An important element of promoting peace and regional stability in the Middle East is bringing Israelis and Arabs together at every level (policy makers, technical experts, etc.) to work cooperatively on a wide range of issues. The Middle East Regional Cooperation (MERC) program, which Congress initiated after the Camp David Accords, fosters mutually beneficial technical cooperation between experts from Israel and its Arab neighbors. In recent years, Arab participants have included experts from Jordan, Egypt, the West Bank/Gaza, Tunisia, and Morocco. MERC-supported projects promote and strengthen Israeli-Arab ties by demonstrating that peaceful cooperation can yield tangible benefits for all involved. Continued strong U.S. support for MERC is needed to ensure that Israeli-Arab cooperation is as broadly based as possible.

The MERC program complements the work being done in the Middle East Multilaterals program by broadening the base of cooperation among Israelis and Arabs to include academic and non-governmental organization (NGO) experts. Unlike the Multilaterals program, which is directed toward participating governments as part of official multinational peace efforts, the MERC program encompasses a wider variety of groups and organizations outside of the formal multilateral setting. The MERC is a highly competitive program that provides grants based on unsolicited project proposals from diverse groups, including universities, NGO's, and government laboratories. While the ongoing Intifada in the region and the associated violence on the ground has made it more difficult to carry out regional projects, current MERC project participants continue to express strong support for the program and a commitment to continue their projects. In spite of the situation on the ground, the MERC program office received 24 pre-proposals from Arab-Israeli teams for the December 2001 deadline.

The FY 2003 ESF request will be used to implement programs designed to provide practical benefits to both Israelis and Arabs. MERC projects have included and will continue to include a wide range of important fields with the goal of increasing economic development, protecting the environment, and improving health conditions. Agriculture projects will remain focused on increasing productivity of livestock and crops; recent projects include ones dealing with reducing post harvest losses in produce, enhancing goat production, improving olive production, and mitigating poultry diseases. Health programs will address issues such as cancer and a range of infectious diseases; health program funds have previously supported projects dealing with childhood lead poisoning, adolescent health and risk behaviors, blood screening, and providing support for the Middle East Cancer Consortium. As lack of fresh water is one of the most critical economic and environmental problems in the Middle East region, MERC projects will continue to address key water issues such as effective water management, wastewater treatment, and desertification prevention. For example, MERC projects have promoted improved water quality along the Jordan River, appropriate wastewater treatment technologies, aquifer monitoring, air pollution, and earthquake hazards assessment.

Multinational Force and Observers
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
PKO	16,000	16,400	16,400

Attaining a comprehensive peace between Israel and all of its neighbors is essential to protecting U.S. security interests in the Middle East. The Egyptian-Israeli Peace Treaty and its security arrangements, monitored by the Multinational Force and Observers (MFO), are the cornerstone of U.S. efforts to attain such a peace.

The MFO is a critical component of the Egyptian-Israeli Peace Treaty. It serves as a model confidence building measure and security arrangement in the context of the ongoing peace negotiations between Israel and its neighbors.

The MFO monitors treaty compliance and provides an effective liaison system between the Israeli and Egyptian defense forces. The United States has a firm political commitment to finance one-third of the annual MFO operating budget, with the other two-thirds provided by Israel and Egypt. Subject to Congressional authorization and appropriations, the United States is committed to support the MFO's mission until the parties to the agreement that created the MFO mutually agree that the MFO is no longer necessary. The MFO's long-standing effectiveness is apparent in the continued compliance with the treaty and the excellent cooperation between Egyptian and Israeli officials in the treaty's liaison system.

U.S. North Africa Economic Partnership
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
ESF	3,991	4,000	4,000

Through the U.S.-North Africa Economic Partnership (USNAEP), the United States engages the Maghreb governments of Morocco, Tunisia, and Algeria in senior policy dialogues and provides technical assistance to encourage private sector-led growth. The program is designed to help moderate Arab partners in North Africa with their commitments toward modernization, freer markets, and more open trade. By promoting economic growth that will reach average citizens, U.S. assistance aims to help eradicate the economic disparity that often underlies social tension and leads to radical, violent reactions against government institutions. Properly structured economic growth can lead to greater political stability and promotion of democratic ideals while strengthening the U.S. commercial presence and bilateral trade relations in these countries. Stability in North Africa also supports U.S. interests in preventing terrorism, advancing Middle East peace negotiations, and ensuring security in the Mediterranean basin.

Under the USNAEP, the United States provides Economic Support Funds (ESF) divided equally among the three Maghreb countries. ESF has directly supported U.S. commercial interests and our broader stake in prosperity, stability, and democracy along Europe’s southern flank. Through this funding, the United States has been able to provide a wide range of technical assistance to the region, including: helping to set up local bond markets; directing Trade and Development Agency (TDA) assistance in pairing U.S. businesses with opportunities in the region; refocusing Overseas Private Investment Corporation (OPIC) activities on the Maghreb; negotiating new Trade and Investment Framework Agreements (TIFA) to support economic development and trade liberalization efforts; and developing “Investor Roadmap” studies that identified regulatory barriers to foreign investment. These initiatives have enabled the U.S. Government to pursue an enhanced economic policy dialogue with the Maghreb states. While some of these activities will continue, such as work with TDA and OPIC, others have evolved into next steps. For example, with TIFAs in place, the United States can now offer assistance to help implement laws and regulations that will improve the business and investment climates. Improved climates will, in turn, support private sector growth and create employment opportunities. In FY 2003, continued assistance will support U.S. efforts to accelerate market reforms and foster more economic integration within the region and between the Maghreb and the United States.

In Tunisia, the United States will continue to support Tunisian government efforts to move the economy from one which was state-controlled to one in which economic activity is driven by private industry. Funds will continue to support operation of the Global Technology Network program, an electronic network that connects local business people with potential American suppliers. This serves to increase U.S. exports while helping Tunisian companies to grow. The United States also supports the Humphrey Fellowship Program, which provides for exchanges in industry sectors important to the Tunisian economy. Inter-university link programs are being established to help Tunisian universities develop American-style business education programs.

In Morocco, the United States provides technical assistance to support implementation of market-oriented reforms in order to increase job creation. One activity, with the Provincial Investment Commissions, is aimed at strengthening their role as one-stop windows for foreign investors at the local level. The United States also provides technical assistance to the Department of Tourism to support its effort to revamp its internal structure and its relationship with the private sector to develop the tourism industry.

The United States continues to support Algeria's WTO accession process and development of modern commercial laws. Under the USNAEP program, Humphrey Fellowships are aimed at training Algerians in the areas of privatization, contracting, public-private partnerships, and competition. Inter-university links between the United States and Algeria are used to develop and strengthen partnerships between institutions of higher education in both countries. The United States provides advisors and training related to general commercial law, intellectual property rights, agricultural trade policy, trade remedies, and bank modernization.

All of the programs funded through ESF support regional economic integration of the Maghreb countries. Modern commercial legal, policy, and regulatory environments will result in increased trade and investment within the region and with the United States.

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SOUTH ASIA

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Afghanistan
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
CSD	0	2,000	0
DA	0	10,000	0
ESF	0	17,250	0
NADR-HD	2,800	4,000	0
ERF-IDA	0	50,000	0
ERF-NADR-HD	0	3,000	0
ERF-P.L. 480 Title II	0	75,117	0
P.L. 480 Title II	29,295	0	0

To help ensure U.S. national security and increase regional stability in South Asia, Afghanistan must never again become a breeding ground for terrorists, conflict, and extremism. Operation Enduring Freedom successfully initiated the war on terrorism in Afghanistan. However, a lasting victory will require that the United States and other donors provide adequate and strategically targeted political, economic, and security assistance. The United States is coordinating its efforts with those of Afghans, other donors, and international institutions through a cooperative process initiated at Bonn in December of 2001 and at the January 2002 reconstruction ministerial held in Tokyo.

To date, the United States has provided over \$400 million in humanitarian assistance for Afghans. We are also assisting the new Afghan Interim Authority (AIA), which supports the war on terrorism, to consolidate its role under the Bonn Agreement and to establish a Transitional Administration leading to a permanent government. At the Tokyo ministerial, the United States pledged \$296 million in carefully targeted reconstruction and development assistance, mostly from resources made available in FY 2002 for this purpose.

Although final funding levels have yet to be determined, FY 2003 resources will be required to sustain the recovery and reconstruction programs announced at Tokyo, to support the AIA and the political process agreed to at Bonn, and to help meet urgent security and law enforcement needs.

Due to deep social divisions and decades of conflict, establishing a broad-based and accountable government will prove essential to achieving stability in Afghanistan. Subsequent decisions will allow a portion of the overall Economic Support Funds (ESF) and Development Assistance (DA) requested for FY 2003 to support the two-year Transitional Administration, which is due to follow the AIA, and a traditional Loya Jirga council, which will help select the permanent government, possibly through elections. ESF will also be programmed to help rehabilitate law enforcement capabilities and support the Bonn political process, including, as appropriate, technical assistance with drafting and ratifying a new constitution, or small grants for NGOs to increase citizens' – particularly women's – political and economic participation.

A credible central governing body must be sustained in Afghanistan if reconstruction is to proceed. The State Department anticipates that budget or operational support for the Transitional Administration will continue to be needed and plans to use FY 2003 ESF for this purpose. Economic reconstruction and development must also proceed quickly in order to achieve stability, to provide opportunities for Afghan women to resume their roles in society, and to assist those who have profited from war and the drug trade to find alternative sources of income. FY 2003 DA funds will help sustain the reconstruction and

development programs announced at Tokyo in the agricultural, food security, education, and health sectors. Some FY 2003 ESF may be programmed for demobilizing and reintegrating ex-combatants into society.

On the humanitarian side, FY 2003 Non-proliferation, Anti-terrorism, Demining, and Related Programs (NADR) demining funds will help relieve the scourge of landmines, while also enabling agricultural development and access to markets. FY 2003 Migration and Refugee Assistance (MRA) will help sustain Afghan refugee populations in neighboring countries as reintegration and development programs promote their return.

Afghanistan emerged in the 1990's as the world's largest producer of illicit opiates. Proceeds from the narcotics trade have fueled terrorist movements throughout the region. In the Bonn Declaration (2001), the AIA committed itself to fulfilling its international obligation to take effective counternarcotics measures. The United States will assist the Afghan government in this effort. As part of a multi-donor effort to attack the narcotics problem, a portion of the FY 2003 regional International Narcotics Control and Law Enforcement (INCLE) funding will be used to support employment generation in poppy growing areas, eradication of opium poppy, and alternative development programs. It will also be used to provide assistance to the government in establishing drug control policies and strategies, and in developing law enforcement capacity to attack narcotics production, trade, and trafficking and related criminal activity.

Bangladesh
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
CSD	15,500	39,950	0
DA	42,050	21,870	57,220
ESF	0	3,000	7,000
IMET	507	600	750
Peace Corps	908	612	765
P.L. 480 Title II	67,658	19,176	45,082

Continuing U.S. support for human rights and the consolidation of a moderate Islamic democracy in Bangladesh serves U.S. interests in combating terrorism while promoting regional stability. Bangladesh is a member of the counterterrorism coalition and actively seeks to contribute to Afghanistan's reconstruction. The United States continues to assist Bangladesh as it attempts to consolidate democratic gains, develop its economy, and professionalize its military.

During the past decade of democratic rule, Bangladesh has twice experienced a democratic change of power, most recently through an October 2001 election deemed the freest and fairest yet. However, political violence continues to hamper democratic consolidation. U.S.-supported observers, voter education, and training were important in achieving a successful 2001 parliamentary election. FY 2003 Development Assistance (DA) is requested to support efforts to make parliament more functional by expanding the role of the opposition and improving the parliament's responsiveness to its citizens. DA will also be used to strengthen local governments through technical assistance and to support human rights and anti-corruption advocacy groups.

FY 2003 DA funds will help combat abusive work conditions and eliminate child labor, especially in the garment factories producing for export. The Department of State, U.S. Agency for International Development, and the Department of Labor (through International Labor Organization projects) coordinate labor and anti-trafficking programs to help women and girls escape a vicious cycle of poverty and abusive work environments that contribute to prostitution and domestic servitude in Bangladesh and abroad. A U.S.-supported center for women working in the garment industry has provided education on human rights, health, and labor issues. U.S.-supported anti-trafficking programs have assisted the return of nearly 70 women and children victims of trafficking and the arrest of 108 traffickers over a fifteen-month period.

Bangladesh remains one of the poorest and most populous countries in the world. To assist Bangladesh's economic development, FY 2003 DA is requested for basic education. The FY 2003 ESF request will help diversify and privatize the economy through agribusiness, micro-enterprise, and information technology projects. FY 2003 P.L. 480 Title II-generated local currency proceeds and FY 2003 DA resources will continue and expand community infrastructure, disaster management, and agricultural diversification activities.

Bangladesh has rich natural gas reserves that could allow it to become a regional energy hub, earn hard currency to contribute to national development, and provide a cleaner alternative to other fuels. U.S. assistance can help Bangladesh develop this resource and has already helped provide investment and export opportunities for American firms. FY 2003 ESF will, therefore, support reform and privatization pilot initiatives in the energy and financial sectors. U.S. assistance efforts in the economic sector are bringing results. Sales grew in U.S.-assisted firms by \$23.8 million in 2001, including by \$5.1 million in exports, and the United States continued as a leader in developing export markets linked to micro-enterprise

businesses. U.S. assistance has also helped to prevent humanitarian crises due to annual flooding. U.S. efforts in the energy sector accomplished significant restructuring and strengthened rural cooperatives.

FY 2003 DA will sustain successful programs to promote family planning and reduce the spread of HIV/AIDS while improving child and maternal health. U.S. health programs have helped boost clinic utilization, increase the effectiveness of child and maternal health service, and consolidate government HIV/AIDS prevention efforts.

A lack of general environmental awareness, degradation of productive ecosystems as a result of poor resource management, and demands by an expanding population have placed severe stress on Bangladesh's natural resources. Part of the FY 2003 DA will be used to enhance community-based, NGO, and government natural resource management and to help restore selected tropical forest and aquatic ecosystems. A portion of the FY 2003 ESF will address Bangladesh's severe arsenic contaminated drinking water problems. U.S.-supported programs thus far have successfully established local resource management efforts and have facilitated a small grants program for the conservation and management of tropical forest biodiversity.

Bangladesh's weak law enforcement institutions continue to struggle against illicit opiates originating from India, Burma, and Afghanistan. A portion of the FY 2003 regional International Narcotics Control and Law Enforcement (INCLE) funds will be used to assist Bangladesh with the development of a strategic plan to improve the criminal investigative capacity of the Bangladeshi law enforcement agencies, develop a functioning counternarcotics forensic facility, and improve criminal investigations and prosecutions.

Bangladesh's military supports and helps to uphold the country's democratic system. FY 2003 International Military Education and Training (IMET) is requested to further improve professionalism, interoperability, and performance, and to enhance the military's ability to fight terrorism and drug and arms smuggling. Past IMET training programs have contributed to helping Bangladesh become one of the world's largest providers of troops for international peacekeeping operations. It has, with U.S. assistance, opened its own peacekeeping training center, and Bangladesh's military has become a firm supporter of democracy. Bangladesh will be eligible in FY 2003 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. The transfer of grant EDA will assist Bangladesh in meeting defense requirements, enacting reforms, and furthering interoperability.

Peace Corps volunteers in Bangladesh will expand U.S. engagement in the education, health, and community development sectors.

India
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
CSD	24,593	41,678	0
DA	28,805	29,200	75,185
ESF	4,989	7,000	25,000
FMF	0	0	50,000
IMET	498	1,000	1,000
NADR-EXBS	892	900	1,750
P.L. 480 Title II	78,064	86,431	91,288

The events of September 11 have intensified the already rapid pace with which the United States has strengthened its ties with India. India has provided crucial support for Operation Enduring Freedom, including use of its ports by U.S. vessels. Although tensions with Pakistan remain high since the December 13, 2001, attack on the Indian Parliament, the United States is actively engaged in efforts to help India and Pakistan address their disputes and to dissuade them from embarking on a nuclear arms race. U.S. assistance to India addresses poverty and the conditions it exacerbates, including environmental degradation, trafficking in persons, child labor, and discrimination against women. U.S. assistance also seeks to expand the opening of India's economy and reduce Indo-Pakistan tensions by facilitating people-to-people exchanges while helping to secure the border against terrorist infiltration.

India faces strong rule of law and human rights challenges in the political arena. Of over 100 million out-of-school children, 44 million are employed in industries. FY 2003 Economic Support Funds (ESF) and Development Assistance (DA) will be used to promote judicial reform and the rule of law; to help women, girls, and children escape from poverty; and to address the growing problem of trafficking and forced labor by women and children. Included will be programs aimed at increasing the effectiveness and efficiency of state legislatures; training female legislators; reducing violence against women through informed advocacy; expanding bridge school efforts in selected cities to educate out-of-school children engaged in labor; and working with formal and customary systems of justice to define options for improving access by disadvantaged groups, particularly the Dalits. Programs to increase access by these groups to other services, including education and social justice, will be added in FY 2003.

The above are long-term programs aimed at deeply-rooted problems. Given India's size, they will operate initially in a limited number of localities before expanding their scope. U.S. programs thus far have strengthened public awareness of women victims of violence and supported NGOs providing counseling, legal, and medical assistance to them. U.S.-supported bridge schools have enrolled and retained 500 dropouts, formed over 850 community committees, and trained over 300 teachers. Women's micro-financing activities were initiated in 2001.

Indian economic reforms of the 1990s lifted over 100 million people out of abject poverty, but 300 million remain poor and economic growth is faltering. In the economic arena, FY 2003 DA will continue to support basic education, while FY 2003 DA and ESF will each support complementary aspects of the U.S. Financial Investment and Economic Reform (FIRE) program in India, which assists in improving the efficiency and transparency of the capital and debt markets, insurance regulatory structures, micro-finance, and pension fund management. FY 2003 DA and ESF will also be used to facilitate power sector restructuring, which will assist in reducing India's fiscal deficit. The United States has continued its high-level advocacy on behalf of U.S. power companies seeking to expand their business throughout India, as well as a host of other U.S. companies having market access and regulatory difficulties in India. FY 2003

ESF will also continue to help state governments prepare for natural disasters, such as the earthquake that struck Gujarat in January 2001. U.S. programs have been fully active only since late 2001 when sanctions on the economic growth programs were lifted.

To complement power sector reform efforts, U.S. environmental programs are focused on the energy sector. FY 2003 DA and ESF will be used to increase efficiency in electricity generation and promote non-conventional energy sources, commercialize energy efficient technologies and services, and implement urban environmental infrastructure projects that improve access to basic services for the poor. A new objective of the FY 2003 environmental programs will be to reform energy distribution and synergize results around the water/energy nexus. U.S. program results thus far include facilitating Tamil Nadu water and sanitation projects, launching a six-city program to reduce greenhouse gas emissions, facilitating private sector participation in waste management, and supporting municipalities to institutionalize energy savings in their water and waste systems.

India accounts for more than one sixth of global population growth, yet child and maternal survival continue as problems. FY 2003 DA funds will be used to promote family planning, improve child survival and nutrition in selected areas, and help expand and improve the treatment and prevention of infectious diseases, especially HIV/AIDS, using proven strategies for behavior changes and expanding access to quality treatment and public-private partnership programs for high-risk groups. FY 2003 P.L. 480 Title II food resources will be distributed directly as a nutritious supplement to 7.5 million pregnant and nursing mothers and children under six years of age in over 102,000 villages. FY 2003 DA funds will also be provided to the government to implement polio and tuberculosis eradication efforts. U.S. programs thus far have begun to increase basic health care access and provision in partnership with CARE and Catholic Relief Services, and to improve the NGO sector's capacity to manage and implement HIV/AIDS activities and launch a statewide prevention and destigmatization campaign. Polio eradication in hard-to-reach populations remains a challenge, although cases have declined through December 2001. U.S. support for treatment for tuberculosis being carried out with the World Health Organization indicates a doubling of treatment success over the last 18 months.

The Indian military is a significant contributor to international peacekeeping efforts, and President Bush and Indian Prime Minister Vajpayee have agreed to enhance security cooperation. To this end, the United States intends to provide a portion of its FY 2003 regional Non-Proliferation, Anti-terrorism, Demining, and Related Programs (NADR) funding to help India meet its border security needs. These programs reflect the heightened level of cooperation agreed to during several meetings of the Indo-U.S. Joint Working Group on Counter-Terrorism. The funds will cover monitoring equipment and training. A portion of the FY 2003 regional International Narcotics Control and Law Enforcement (INCLE) funds will focus on enhancing counter-narcotics and law enforcement efforts, as well as on reducing the diversion of opium production into illicit trade activities.

A new FY 2003 Foreign Military Financing (FMF) program will promote Indo-U.S. cooperation and interoperability on submarine rescue equipment. International Military Education and Training (IMET) continues to play an important role in fostering Indo-U.S. military-to-military contacts and promoting shared goals. FY 2003 IMET funding will increase Indian participation in U.S. service schools. India will be eligible in FY 2003 to receive Excess Defense Articles (EDA) on a grant basis under section 516 of the Foreign Assistance Act. The EDA will be used to support the continuing war on terrorism and for India's critical assistance in Operation Enduring Freedom. It is envisioned that grant EDA would be used to promote inter-operability and modernize equipment previously provided. Grant EDA will be used to support peacekeeping missions. Making India grant eligible for EDA will enhance U.S. influence and provide the U.S. Government needed access in the region.

Maldives
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
IMET	110	125	150

The Government of Maldives strongly supports the international war on terrorism, providing important access for U.S. vessels and allowing aircraft transit rights and airport access during Operation Enduring Freedom. Maldives is a moderate Islamic voice in the region and also supports U.S. positions in international fora. U.S. priorities in this small archipelago nation are to maintain stability by strengthening its democratic institutions, and to coordinate policies in international organizations, especially on such issues as drug trafficking, nonproliferation, international crime, and terrorism. Absent a U.S. mission in Maldives, engagement continues through regular diplomatic exchanges managed by the U.S. Embassy in Sri Lanka, through International Military Education and Training (IMET) programs, and through South Asian regional Economic Support Funds (ESF), channeled through Embassy Colombo.

FY 2003 International Military Education and Training (IMET) will continue to be used to encourage professionalism in the Maldives military. IMET training will also help foster increased awareness of human rights concerns, greater participation of citizens in the political and economic life of the country, and freedom of religion and the press. In Maldives, FY 2003 regional ESF programs will focus on promoting the rule of law, human rights and democracy, and empowerment of women, possibly including courses conducted at the country's faculty of law and shari'a.

Nepal
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
CSD	9,250	20,000	0
DA	11,858	7,597	31,696
ESF	0	3,000	6,000
FMF	0	2,000	3,000
IMET	237	400	500
Peace Corps	1,735	2,062	1,858
P.L. 480 - Title II	0	2,603	0

Nepal has supported the international war on terrorism not only by condemning the attacks, but also by granting overflight, landing, and refueling clearances to allied forces. Strengthening Nepal and its neighbors against a growing Maoist threat will assist the United States to achieve U.S. regional and bilateral goals. These include preventing the spread of terror, enhancing stability, promoting moderate democratic rule, and protecting U.S. citizens engaged in travel and business in Nepal. During 2001, tumultuous events challenged the government as ten members of the royal family were killed, followed by the accession of a new king and a peaceful transfer of power as the democratic parliament selected a new prime minister. Peace negotiations to resolve the indigenous six-year Maoist insurgency collapsed in November, and the Maoists have since conducted a series of major nationwide attacks against police, government, and army facilities.

The Maoist insurgents now control at least six government districts, have a significant presence in at least 21 others, and have touched nearly all of the remaining 48 districts. By assisting the government to contain the insurgency, the United States can help bring the Maoists back to the negotiating table. The United States supports Nepal's counterinsurgency efforts through a multi-track approach that includes counter-terrorism training and equipment for the military and police, targeted rural development in areas vulnerable to Maoist influence, help in strengthening weak democratic institutions, and assistance with the development of intelligence and national security coordination.

Economic development has suffered, particularly in remote rural areas, as government military expenditures have increased. FY 2003 Economic Support Funds (ESF) will help address underlying conditions that have increased Maoists' appeal – poverty, unemployment, and illiteracy – by supporting tangible, quick-impact infrastructure improvements that provide employment in areas most vulnerable to Maoist influence. In addition, ESF and Development Assistance (DA) funds will support related economic growth activities along with local governance and a mass media campaign to educate the public. The addition of basic education funds will expand literacy and provide assistance to improve textbook and ancillary ready materials that focus on democratic and free market principles. FY 2003 DA will also be used to help improve government policies and procedures for service delivery in conflict-affected areas, promote private sector development of hydropower, and support agriculture.

Degradation of productive ecosystems as a result of poor resource management and demands by an expanding population has placed severe stress on the sustainable natural resources of Nepal. FY 2003 DA-funded programs will also promote the wise use and equitable distribution of natural resources. Nearly 40 percent of the population lacks access to basic health care. DA funding will help the government provide affordable health and family planning services. U.S. program results thus far include establishment of local natural resource users groups and women's groups, and decreased child mortality and population growth rates. The counterinsurgency rural infrastructure program activities will begin in FY 2002.

To strengthen Nepal's fragile democracy against the Maoist threat, FY 2003 DA will be used to continue programs in civic education and to strengthen local democratic social institutions in conflict-affected communities. DA will also fund bilateral and regional activities to combat trafficking in women and children, particularly in the areas of protection, prosecution, law enforcement cooperation, development of effective legislation against trafficking, data collection, extradition of offenders, and repatriation of victims. Access to legal advocacy, training in basic literacy, and business skills for women at risk of trafficking or repatriated from trafficking will also be supported with DA. The U.S. Department of Labor funds ILO-implemented programs that will complement our efforts to reduce trafficking, and a portion of the regional FY 2003 International Narcotics Control and Law Enforcement (INCLE) funds will be used to increase the capacity of Nepali law enforcement to cope with trafficking in persons and narcotics trafficking. U.S. democracy programs, initiated in September 2001, have thus far contributed to training for voter and election officials, development and distribution of a new civics textbook for high school students, and training for teachers in using this textbook. Materials to train women elected officials and women candidates for office have been developed, and training will be undertaken in FY 2002.

Nepal remains one of South Asia's leading contributors to UN peacekeeping missions in trouble spots around the globe. It operates a successful peacekeeping training center, which has received significant U.S. funding. FY 2003 International Military Education and Training (IMET) funds will help increase the skills and professionalism of the military and will continue to enhance Nepal's considerable contributions to international peacekeeping. FY 2003 Foreign Military Financing (FMF) will be used to expand training opportunities and to provide additional equipment to meet the army's basic needs. Nepal will be eligible in FY 2003 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. The transfer of grant EDA will assist Nepal in countering the Maoist insurgency.

Peace Corps volunteers in Nepal expand U.S. engagement in the education, health, and environmental sectors.

Pakistan
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
CSD	0	5,000	0
DA	0	10,000	50,000
ESF	0	9,500	200,000
FMF	0	0	50,000
IMET	0	1,000	1,000
INCLE	3,500	2,500	4,000
ERF-ESF	0	600,000	0
ERF-INCLE	0	73,000	0
ERF-PKO	0	220,000	0
P.L. 480 Title II	1,855	0	0

Pakistan's continued support for Operation Enduring Freedom, help in detaining and handing over fleeing al Qaeda and Taliban, and crackdown on extremism have proven critical to U.S. success in the international war on terrorism. Reciprocal U.S. support for Pakistan is key to meeting our regional goals of achieving the success of Operation Enduring Freedom, containing Islamic extremism, fostering and maintaining stability, and strengthening democracy in South Asia, as well as in Pakistan itself.

Prospects for economic and political development in Pakistan are hindered by an education sector that, despite investments in building schools, features unequal access and many poorly qualified teachers. Literacy, enrollment, and retention rates are also poor, and much lower for girls, hindering Pakistan's future development prospects. While preliminary work was done to assist the government's education reforms in FY 2001, U.S. basic education assistance to Pakistan began in FY 2002 through a multi-year interagency Presidential Initiative announced during President Musharraf's February 2002 visit to the United States. President Musharraf is making a concerted effort to reform Pakistan's education sector as a way to combat Islamic extremism and the spread of terrorism. FY 2003 Development Assistance (DA) will support this priority objective by helping with government policy reform, teacher training, curriculum development, community and private partnerships and girls' education initiatives.

Having experienced a military coup in 1999, Pakistan is scheduled to hold national elections by October 2002. A portion of the FY 2001 and 2002 ESF funds is being used for programs to support them. FY 2003 DA will be used to strengthen civil society and political party reform in order to address long-standing governance problems that contributed to the coup. New leadership will be fostered in issue-based civil society organizations and political parties. New fora will be created to bring local government authorities, political leaders, and citizens together to force a consensus on priority development issues. Capabilities to develop and use methods of informing decision-makers in government and civil society, including research and analysis, will be strengthened. Initial U.S. activities in the political sector began late in FY 2001.

Pakistan must also address underlying poverty and the lack of social services that have fed extremism. FY 2003 Economic Support Funds (ESF) will be used for balance of payments support to ease Pakistan's debt burden and free up national funds for education reform and social security programs. While agriculture contributes heavily to the economy and employs close to half of the labor force, the country faces the challenge of land degradation. FY 2003 DA will be used to promote economic growth in the agriculture sector through improved water management and support for community-based income generation projects, including land and water resource management, and improved access to markets and

micro-credit. Women will be key implementers of these development programs. Pakistan has a very high population growth rate, and 26 percent of children are moderately to severely underweight. A health program beginning in FY 2002 will promote voluntary family planning and seek to reduce mortality rates for women and young children.

FY 2003 regional International Narcotic and Law Enforcement (INCLE) funds will help improve the effectiveness of Pakistan's law enforcement efforts, particularly toward destruction of major heroin trafficking organizations, tracing and seizing assets of such organizations, strengthening Pakistan's judicial system, and prosecuting key figures in the heroin trade. INCLE funding will also be used to consolidate and maintain opium poppy eradication efforts and significantly reduce the flow of opiates from Afghanistan, as well as to increase the political and public awareness of the negative impact of illegal drug use and trafficking on Pakistani society.

The FY 2003 security assistance request for Pakistan includes International Military and Education Training (IMET) to increase professionalism and promote respect for human rights and a functional role for the military under democratic civilian rule. FY 2003 Foreign Military Financing (FMF) will facilitate continued military support for Operation Enduring Freedom by allowing the supply of spare parts for Pakistan's existing U.S.-origin equipment, as well as by providing C-130 support and helicopters to improve transport and access to border areas.

Sri Lanka
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
CSD	300	300	0
DA	3,399	5,150	6,050
ESF	0	3,000	4,000
IMET	252	275	350

Long a victim of terrorism in its struggle with the Foreign Terrorist Organization-designated Liberation Tigers of Tamil Eelam (LTTE), Sri Lanka has strongly supported the international war on terrorism. As of March 2002, the Sri Lankan government and the Tamil insurgents were nearing a permanent cease-fire agreement preparatory to restarting peace talks, providing an important opportunity to foster an environment supportive of peace. U.S. national interests in Sri Lanka include combating the spread of terrorism and promoting stability on a regional level by facilitating an end to Sri Lanka's 19-year civil war. The United States will continue to support diplomatic efforts by the Norwegian Government to facilitate negotiations between the Government of Sri Lanka and the LTTE.

Sri Lanka has a long democratic tradition, and progress has been made on press freedom. Yet recent elections were marred by serious violence and fraud. FY 2003 Economic Support Funds (ESF) will be used to strengthen Sri Lanka's democratic institutions and promote conflict resolution and human rights with a focus on three critical and interrelated areas: expanding constituencies for peace and promoting community-level reconciliation through rural development projects, strengthening support for key democratic reforms, and empowering groups to defend against rights abuses arising from the conflict and the erosion of democracy. Specifically, FY 2003 ESF will support government efforts to strengthen free and fair electoral administration; capacity development for local governments' court case management systems and improvement of investigative techniques; rights awareness among minority groups in the conflict zone; and health needs of individuals, particularly women and children, affected by systematic violence.

As the first country in South Asia to liberalize its economy, Sri Lanka has impressive social indicators. While Sri Lanka's macroeconomic policies have generally supported private sector-led growth, reforms are still needed at the micro level. FY 2003 Development Assistance (DA) will be used for basic education. DA will also help increase Sri Lanka's competitiveness in the global marketplace, both through completing competitive strategies for eight industry clusters in ways that bring industry and government together to address remaining reforms, and through assisting the government's development of a policy and operational framework for competitiveness. Greater competitiveness will lead to increased employment, including in high skilled jobs, and improve income distribution. Finally, DA will enhance economic and social opportunities for disadvantaged groups, for example, through programs that involve children of all ethnicities and those at risk of being involved in the sex trade.

Criminal organizations, including narcotics trafficking networks, take advantage of Sri Lanka's weak controls over its maritime borders. FY 2003 regional International Narcotics Control and Law Enforcement (INCLE) funds will be used to assist Sri Lanka improve airport control and maritime and coastal interdiction capacity. The United States will continue regional Non-Proliferation, Anti-terrorism, Demining, and Related Programs (NADR) funding for Anti-terrorism Assistance (ATA) training to help the Sri Lankan Government counter terrorist threats, particularly in urban areas. Although the LTTE and the Government are now observing a cease-fire, the risk of a resumption of terrorist attacks remains should peace efforts fail.

U.S. military cooperation with Sri Lanka has helped improve military professionalism and sensitivity to humanitarian law, reducing civilian casualties and human rights abuses. FY 2003 International Military Education and Training (IMET), in concert with other military-to-military cooperation such as Joint Combined Exercise Training exercises, will support the Sri Lankan military in its fight against the LTTE. Sri Lanka will be eligible in FY 2003 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. The transfer of grant EDA will assist Sri Lanka in meeting defense requirements, enacting reforms, and furthering interoperability.

U.S. Embassy Colombo will be responsible for implementation of any programs funded with FY 2003 regional ESF resources in the Maldives.

South Asia Regional Funds
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
ESF	0	3,500	2,000

Encouraging support for the international war on terrorism and promoting political and economic stability in South Asia are key to U.S. national security. The region continues to face cross-border challenges that can be addressed through smaller, targeted programs with a regional focus. FY 2003 Economic Support Funds (ESF) will be used for such programs in a variety of sectors.

South Asia regional ESF programs will promote the spread of democracy and respect for human rights through programs for NGOs and government officials that bring representatives from various countries together, for example, to address corruption and gain legislative, advocacy, and other skills. Regional ESF funds will also support regional cooperation in rehabilitating individuals who have been trafficked for prostitution and other forced labor. These programs will provide training and educational opportunities to give women and girls the means to earn their own living.

Opening regional markets, encouraging reform, and improving the regional business climate are essential to accelerating economic growth rates and increasing U.S. exports to and investment in South Asia. For example, the South Asia ESF regional funds and Development Assistance (DA) have supported the South Asian Regional Initiative for Energy, which promotes the efficiency of the energy sector and overall economic development in Bangladesh, India, and Nepal. Regional ESF funds will also be used for such projects that promote reforms and strengthen cross-border economic cooperation.

Basic education is a high U.S. priority for the region in light of the need to address extremism and the illiteracy and poverty that have contributed to the spread of terrorism in South Asia. Until U.S. bilateral education programs can be increased over the next few years, South Asia regional ESF funds will provide supplementary education resources to promote reform and provide access to basic education.

Only a regional effort can effectively counter the deadly nexus between cross-border environmental crime, Maoist insurgencies in India and Nepal, and international terrorism. Reports are accumulating that many of the same syndicates that traffic in contraband chemicals, timber, or products of endangered species are also involved in illicit commerce in human beings, narcotics, and/or arms. Programs supported by regional ESF funds will build national capacities to apprehend and prosecute the traffickers, help secure borders, and promote regional cooperation in breaking up criminal networks.

Many environmental problems in the region also require a cross-border approach. Water is a critical transboundary resource for South Asia – the most water-stressed region of the world. Problems with both water quantity and quality have enormous implications for economic development generally, energy supply, agricultural productivity, health and nutrition, food security, and regional stability. Water plays a major role in natural disasters that strike the subcontinent. Regional water initiatives also serve as effective confidence-building measures when international tensions and over-politicization block other avenues.

Regional environmental initiatives do not duplicate bilateral country programs. Moreover, in most cases the implementing organizations are U.S. government agencies such as the U.S. Geological Survey (USGS), the Environmental Protection Agency, the Department of the Interior's Fish and Wildlife Service, or the Department of Energy. U.S. taxpayers are also the direct beneficiaries of the scientific research carried out under these programs. For example, USGS research into arsenic groundwater contamination has important consequences for U.S. agricultural science, such as irrigation practices, as well as for cancer research.

WESTERN HEMISPHERE

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Argentina
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
FMF	998	1,000	2,000
IMET	846	1,000	1,000

Maintenance of international security and regional stability and building economic prosperity through structural reform and enhanced trade are the leading U.S. interests in Argentina. The Government of Argentina (GOA) has actively supported U.S. security goals by playing a leading role in international peacekeeping. Argentina has also cooperated with the United States in counter-terrorism and counter-narcotics activities, which are centered in the tri-border area with Brazil/Paraguay. The United States is assisting the GOA with judicial reform and anti-corruption programs as well. Since the open-market economic reforms of the early 1990s, U.S. exports to Argentina have increased seven-fold and direct investment ten-fold; with the eventual restoration of macroeconomic stability, opportunities exist for further expansion.

Foreign Military Financing (FMF) funding enables Argentina's armed forces to improve their peacekeeping capacity through purchases of up-to-date communications and transport equipment, at a time of severe budget austerity. In FY 2003, FMF will be used to increase Argentina's ability to participate in peacekeeping missions. Funds will be used to support increases in training, interoperability, and purchases of needed equipment.

Argentina has also been Latin America's largest user of U.S. Excess Defense Articles (EDA). Argentina will be eligible in FY 2003 to receive EDA on a grant basis under Section 516 of the Foreign Assistance Act. Transfer of grant EDA to Argentina continues our policy of supporting Argentina, as a major non-NATO Ally, at a time when fiscal austerity has drastically shrunk Argentine defense spending. It enables Argentina to continue its productive cooperation with the United States and NATO in international peacekeeping operations. Grant EDA helps the GOA obtain NATO-compatible equipment, such as transport and communications equipment, improving interoperability with NATO forces in peacekeeping operations.

International Military Education and Training (IMET) courses increase Argentine interoperability with U.S. and NATO forces, which bolsters its strong participation in worldwide peacekeeping activities. IMET also plays a key role in developing civilian experts who can administer the Argentine defense establishment effectively. With UN peacekeepers serving in East Timor, Western Sahara, Ethiopia-Eritrea, Iraq-Kuwait, Cyprus, Bosnia, and Kosovo, Argentina ranks second among Latin American nations in number of participants. The GOA has also been a leading recipient of Enhanced International Peacekeeping Capability funding (\$2.25 million in FY 1998-1999), with military personnel from other Latin American nations attending the GOA's peacekeeping training academy.

In the aftermath of the 1990s bombings in Buenos Aires that killed over one hundred people, U.S. Anti-terrorist Assistance programs (NADR) brought Argentine officials to the United States for valuable counter-terrorism briefings and training. The tri-border area and Argentina's northern border with Bolivia are transshipment routes for illegal drugs bound for the United States; regional INC funding provides police training for interdiction activities. In addition, the United States continues to promote training and exchange programs with Argentine law enforcement and judicial authorities in support of GOA efforts to reduce international criminal activity.

Bahamas
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
FMF	139	100	100
IMET	110	140	140
INCLE	1,200	1,200	1,200

Because of the proximity of The Bahamas to the United States, the United States has a strong interest in a stable and democratic Bahamas that will work closely with the United States on bilateral, regional, and multilateral issues. Principal U.S. interests in The Bahamas include ensuring the safety and security of approximately 8,000 American residents and more than three million annual American visitors; stopping the transshipment of illicit drugs and illegal immigration through the Bahamian archipelago; and combating international financial crime, including money laundering and financial support for terrorism.

Only 50 miles from the United States at its closest point, the Bahamian archipelago is a major transshipment point for illegal narcotics trafficking and illegal migration to the United States. After tourism, financial services represent the biggest industry. For the sake of regional and U.S. security concerns, it is important that the Bahamian government be strong enough to combat the threat to its sovereignty and its banking industry represented by illegal drug trafficking, money-laundering, corruption, terrorism, and other crimes. The Bahamas, the Turks and Caicos Islands, and the United States are partners in Operation Bahamas and Turks and Caicos to combat illegal narcotics trafficking. In this joint operation, under the bilateral maritime agreement, Bahamian and Turks and Caicos police and U.S. Drug Enforcement Administration personnel cooperate with U.S. Coast Guard and U.S. Army helicopter crews in missions against suspected drug smugglers.

The Bahamas will be eligible to receive Excess Defense Articles (EDA) in FY 2003 on a grant basis under Section 516 of the Foreign Assistance Act. EDA will be used to promote counter-drug efforts, maritime support, inter-operability and modernization of equipment. International Military and Education Training (IMET) and Foreign Military Financing (FMF) funds are used to educate, train, and equip the Bahamian Police and Defense Forces to increase their effectiveness. FMF will be used to develop command, control, and communications architecture capable of supporting conduct of joint/multi-national counter-drug (CD) operations and conduct CD interdiction operations. U.S. military interaction includes Joint Combined Exercises and Training deployments, construction and humanitarian deployments, demand reduction campaigns of Military Information Support teams, and disaster relief exercises.

International Narcotics Control and Law Enforcement (INCLE) funding supports Bahamian government efforts to carry out drug enforcement operations and investigations by providing operational support, training, and equipment. It also supports institution-building efforts by the Bahamian government through its multi-year projects to reform the Bahamian courts by promoting procedural changes and more efficient management of drug cases and to computerize all Bahamian courts. The U.S. Embassy also works closely with Bahamian officials to support anti-money-laundering efforts and to encourage the Bahamian government to act more effectively in seizing drug traffickers' assets.

The safety and security of American citizens is a principal U.S. objective. U.S. officials in The Bahamas maintain close liaison with the Bahamian police, keep U.S. citizens informed of threats from crime and hurricanes, maintain registration and warden systems, and work with Bahamian officials to improve aviation safety and airport security. Other important U.S. objectives are to deter illegal immigration and maintain effective border controls, and to eliminate barriers to foreign investment and trade and participate fully in the Free Trade Area of the Americas and the World Trade Organization.

Belize
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
FMF	200	200	300
IMET	223	275	175
Peace Corps	1,396	1,425	1,445

The United States seeks to stanch the flow of illicit drugs through Belize and to make it a less attractive location for other criminal activity, such as money laundering, trafficking in undocumented aliens and stolen vehicles, and smuggling of artifacts and wildlife. Improving the administration of justice and making the police more effective will improve conditions for U.S. investors and traders and for the 110,000 U.S. citizens who visit Belize each year. The United States also has an interest in assisting Belize in protecting the 40 percent of its territory that consists of national parks and nature preserves, which shelter extensive rainforests and diverse wildlife, and its barrier coral reef, the second longest in the world.

Because of its proximity to the United States and its position linking vulnerable Central American and Caribbean states, Belize is an ideal transit point for illicit drugs headed for the United States. Easy access to the United States and Mexico makes Belize an attractive staging area for other international crimes as well. It is a market for vehicles stolen in the United States, a potential site for money laundering, and an origin point for smuggled wildlife and artifacts. Modest International Narcotics Control and Law Enforcement (INCLE) Latin American Regional funding provides training and assistance to disable drug organizations, improve the collection and dissemination of counternarcotics intelligence, increase interdiction of illicit drugs, and improve Belize's ability to deter and detect money laundering. INCLE funding also seeks to improve the professionalism and performance of police and prosecutors, provide technical support for the judicial system, and reduce the flow of stolen vehicles from the United States to Belize. The United States is the largest foreign investor in Belize and its biggest trading partner, and U.S. citizens account for the majority of Belize's tourists. Improvement of the police and the judicial system would make it safer and easier for American tourists and business.

In 2000, the United States and Belize signed a new extradition treaty, a mutual legal assistance treaty, and an overflight and landing protocol to an existing maritime counternarcotics cooperation agreement. The extradition treaty came into force early in 2001. A stolen vehicles treaty and the mutual legal assistance treaty are expected to come into force in 2002. These legal instruments should greatly enhance the ability of the United States and Belize to cooperate effectively to combat crime.

In FY 2003 International Military Education and Training (IMET) and Foreign Military Financing (FMF) programs provide training and equipment for a small but disciplined Belize Defence Force (BDF). BDF troops served with the CARICOM Battalion during peacekeeping operations in Haiti and participate in regional training exercises with U.S. and Caribbean forces. IMET training improves the professionalism and competence of the BDF, making it a more effective partner when operating with U.S. forces in joint exercises and enabling it to protect Belize's national parks, nature preserves, and barrier reef. Belize will be eligible in FY 2003 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. The provision of grant EDA promotes interoperability and modernization of equipment.

Bolivia
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
CSD	6,598	19,410	0
DA	25,098	12,053	30,547
ESF	1,995	10,000	10,000
FMF	0	500	2,000
IMET	665	700	800
INCLE	52,000	81,000	91,000
Peace Corps	2,925	2,866	2,860
P.L. 480 Title II	15,918	9,910	21,525

The most urgent U.S. interest in Bolivia is to stop the illicit production of coca and the export of cocaine and other illicit products to the world market. Integral to the counternarcotics fight is U.S. support of Bolivian democracy, as a stable democracy is a necessary condition for continued success in this arena. The United States is encouraging Bolivia's transition to a free market economy as the most promising avenue to growth. Bolivia's effective implementation of judicial reforms is critical to our efforts related to counternarcotics, investment, human rights, and social stability. Increasing and sustaining Bolivia's capabilities in peacekeeping is vital to ensuring that they continue in their role as peacekeepers in crises around the world. The preservation of Bolivia's biodiversity is vital to global environmental needs. Improving health conditions will alleviate the burden of poverty and decrease the pressure for emigration.

Bolivia, long considered one of the least democratic countries in the Andean region, has had an uninterrupted succession of elected governments since 1981. Market reforms and sound macroeconomic policies resulted in steady if unspectacular growth, until recession in the region caught up with Bolivia in 2000. Despite successful completion of the process for debt relief under the Highly Indebted Poor Countries program and prospects for natural gas development, the economy in 2001 was practically stagnant. Bolivia remains the world's third largest producer of illicit coca; and while the government has made significant gains over the past four years towards fulfillment of its goal to eradicate all illicit coca by the time it leaves office in 2002, demonstrations and violence by coca growers have sidetracked eradication and enforcement efforts this past year.

The FY 2003 budget request remains at a high level compared to previous years and reflects the amount of support required to sustain counternarcotics operations in two distinct regions. In the Chapare, replanting of coca is ongoing and must be prevented. In the Yungas, where many narcotics traffickers displaced from the Chapare have relocated, the United States is expanding efforts to control the legal coca market and the illegal diversion of legally-grown coca to cocaine processing. Violent ambushes of eradication and interdiction forces in the Chapare and in the Yungas in late 2001 highlight the need to increase significantly both manpower and commodity resources in these volatile regions. Assistance efforts are aimed at consolidating the gains and reestablishing control, while combating the poverty and corruption that threatens what is still the poorest country in South America.

FY 2003 goals include the eradication of all residual coca, the prevention of new plantings in the Chapare, and the elimination of all illegal coca in the Yungas. International Narcotics and Control and Law Enforcement (INCLE) funds will be used to consolidate the successes of Plan Dignidad to ensure that coca cultivation and drug trafficking do not regain a foothold in Bolivia. The FY 2003 budget request will support Bolivian efforts to halt the production of illegal coca in the Yungas and the Chapare and the exportation of cocaine from Bolivia. It will support increased interdiction of essential precursor chemicals

and cocaine products, enhance judicial capability to prosecute narcotics-related crime, promote alternative economic development, expand demand reduction efforts in Bolivia, and improve the quality of investigations into alleged human rights violations.

Development Assistance (DA) funds will increase economic opportunities by providing technical assistance to micro-finance institutions and assist micro-entrepreneurs and providing technological services to farmers to increase yields and access to markets. Funds will also be used to strengthen democracy by working through civil society and judicial reforms. Support for sustainable management of renewable natural resources will aid the country in sustaining economic growth. In the health sector, stabilizing population growth by encouraging increased use of family planning services and supporting other health sector initiatives are two key areas. DA funds will also support the Amazon Malaria Initiative; integrated health care, nutrition, and vaccination programs for children; and decentralization of public health care services to the primary care level.

Economic Support Funds (ESF) will be used to strengthen municipal governments and improve congressional capacities, complemented by civil society activities to further consolidate democratic values and practices. Other ESF funds will be used for economic growth activities to further Bolivia's ability to compete in the global economy.

Foreign Military Financing (FMF) funds will be used to educate, train, and equip the Bolivian security forces to increase their effectiveness in their traditional national security role, which will help ensure regional stability, as well as in their multilateral role as international peacekeepers. Some of these funds will be spent to increase Bolivia's peacekeeping capabilities and to ensure that they continue to remain engaged in peacekeeping operations around the world. Bolivia currently has forces deployed in Angola, Guatemala, Kuwait, and Western Sahara. The GOB has also committed a reinforced battalion to the UN's "stand-by" force.

International Military Education and Training (IMET) funds will provide professional military education to key Bolivian military personnel, principally through attendance at U.S. military command and staff colleges, with focus on civil-military relations, resource management, and democratic institution building.

Bolivia will be eligible to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act in FY 2003. Transfer of grant EDA to Bolivia will support our foreign policy goal of reducing the international supply of narcotics by helping to equip units engaged in narcotics interdiction and coca eradication. It will help supply Bolivia's peacekeeping unit with NATO-compatible equipment and enhance U.S. influence on the development of Bolivia's armed forces.

Brazil
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
CSD	7,883	8,700	0
DA	7,318	3,930	17,537
IMET	241	440	500
INCLE	2,000	6,000	12,000

U.S. national interests in Brazil are: regional stability; control of narcotics, crime, terrorism, and infectious disease; and economic prosperity. Brazil is a leader in the hemisphere, and there are many opportunities for greater cooperation on issues of mutual concern, including promotion of democratic values in the region, preservation of natural resources, and promotion of efficient energy use. Brazil took the lead in organizing and garnering support for the OAS/Rio Treaty meeting of Foreign Ministers held on September 21, which resolved that the September 11 attacks against the United States were attacks against all American states.

Brazil is the only country that borders on the three major coca-producing countries in the hemisphere. As a result, it is an important transit country for illegal narcotics flows to the United States and Europe and also faces a growing domestic drug abuse problem. Brazil's own recognition of the threat posed by narcotics trafficking prompts greater bilateral cooperation. U.S. counterterrorism officials monitor the tri-border region of Brazil, Argentina, and Paraguay. U.S. and Brazilian officials work closely on control and eradication of infectious diseases through research programs in both countries.

As the largest economy in South America, Brazil's participation in the global economy, and particularly in the Free Trade Area of the Americas (FTAA) process and the new round of World Trade Organization (WTO) negotiations, is critical to U.S. economic prosperity. The FTAA and WTO negotiations will help advance U.S. goals of encouraging the further opening of Brazil's market to U.S. products, promoting U.S. exports, coordinating policies encouraging fiscal stability and structural reform, and supporting Government of Brazil (GOB) policies leading to broad-based economic growth.

Brazil's increased emphasis on containing spillover of crime and violence from Colombia has contributed to broader engagements with the United States on counternarcotics cooperation. While there is little likelihood at present that Brazil will become a major narcotics producer, it is a major transit country for illicit drugs shipped to the United States and Europe. Brazil's domestic drug abuse problem is second only to that of the United States in this hemisphere. U.S. counternarcotics assistance will be used to address narcotics use and trafficking in our countries through: (1) providing equipment and training to improve the capability of Brazilian law enforcement agencies to combat trafficking; and (2) assisting drug education, awareness, and demand reduction programs. Greater emphasis will be placed on Brazil's efforts to strengthen control of its 1,000-mile border with Colombia.

Politico-military cooperation continues to deepen between our countries. The International Military Education and Training (IMET) program allows the United States to share its long experience of civilian control of the military and promotes Brazil's ability to serve in international peacekeeping missions as well as the interoperability of U.S. and Brazilian forces.

Brazil will be eligible in FY 2003 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Provision of grant EDA to Brazil encourages enhanced interoperability of our military forces.

Due to its vast rain forests, Brazilian cooperation is key to a global environmental strategy. U.S. environmental assistance is aimed at reducing emissions of greenhouse gases associated with climate change and protecting biodiversity – actions with a global impact. Development Assistance (DA) funds programs that discourage deforestation and promote energy policies that mitigate emissions of greenhouse gases associated with climate change. Fire prevention in the Amazon, also a priority, employs sophisticated satellite technology linked to several USG technical agencies. The State Department and the U.S. Agency for International Development work with non-governmental organizations, research institution partners, academic institutions, industry, and government agencies to leverage our resources and to advance our environmental agenda.

Brazil's large population, location, and widespread poverty make it a focal point for the spread of infectious disease. More than 50 percent of the AIDS cases reported in Latin America and the Caribbean are in Brazil. Brazil also has a large number of street children, particularly in the Northeast. DA funds go to non-governmental organizations working to combat the sexual transmission of HIV/AIDS among women, adolescents, and low-income groups and to improve the quality of life of at-risk children and youth. Funded activities include the promotion of children's rights and the provision of vocational training, education, and health services. Brazil represents the developing countries of the Americas on the Board of the Global Fund to Fight AIDS, Tuberculosis, and Malaria.

Chile
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
FMF	0	500	1,000
IMET	550	570	600

U.S. national interests in Chile include promoting prosperity through enhanced bilateral and multilateral economic and commercial ties (e.g., the bilateral Free Trade Agreement and multilateral Free Trade Area of the Americas now being negotiated). They include the promotion of healthy, democratic institutions, including a reformed criminal justice system, and the furtherance of common viewpoints on a range of important regional and global issues. U.S. national interests are enhanced by supporting increased Chilean participation in international peacekeeping operations and interoperability of Chilean forces with U.S. and other peacekeeping forces.

The FY 2003 request for International Military Education and Training (IMET) funding will be used to bolster regional stability and democracy by contributing to GOC efforts to professionalize its armed forces and increase their interoperability with U.S. forces through the continuation of management training courses for NCOs, mid-level officers, and senior officers. Other training in equipment maintenance, logistics, and resources management also increases Chile's ability to maintain U.S. equipment in its inventory. We have sought increased interoperability as supporting Chilean participation in international peacekeeping operations and other regional exercises.

FY 2003 Foreign Military Financing (FMF) under the Conflict Prevention and Response program will provide needed equipment to Chile's armed forces participating in extant peacekeeping operations. Chile will be eligible in FY 2003 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. EDA will be used to promote interoperability and modernization of equipment.

Chile is not a center for the production or transportation of illegal drugs, though the picture may be evolving as producers look to Chile as a source of precursor chemicals and as a country through which to ship drugs en route to Europe and the United States. Chile's proximity to producer countries such as Bolivia and Peru, its dynamic economy, and relatively well-developed banking system combine to make it vulnerable to money laundering. International Narcotics Control and Law Enforcement (INCLE) funds from a Western Hemisphere regional fund will be used to assist Chile in implementing effective money laundering and precursor chemical controls, and to enhance its own narcotics investigation, interdiction, and demand reduction capabilities. In addition, INCLE funds will provide modest amounts of training and support to Chile's two main law enforcement institutions, the Carabineros and the Investigations Police.

Colombia
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
FMF	0	0	98,000
IMET	1,040	1,180	1,180
INCLE	48,000	380,500	439,000

U.S. interests in Colombia focus on counternarcotics, regional stability, supporting democracy, protecting human rights, providing humanitarian assistance, and fostering mutual economic prosperity. None of these challenges can be addressed in isolation.

The United States faces an unusually complex series of issues in Colombia and its neighbors. With 40 million people, Colombia is Latin America's third most populous country. It has long-standing political, security, social, and economic problems exacerbated by the explosive growth of coca and heroin cultivation in which guerrilla and paramilitary forces are increasingly involved. There is no easy explanation for Colombia's troubles, but they are rooted in limited government presence in large areas of the interior, a pervasive sense of lawlessness, and deep social inequities. The Government of Colombia (GOC) developed its Plan Colombia as a balanced strategy to respond to all of these issues.

U.S. counternarcotics goals remain at the center of relations with Colombia, which now supplies 90 percent of cocaine consumed in the United States and the bulk of heroin confiscated on the East Coast. However, the United States has other important interests, including regional stability, counter-terrorism, trade and investment, international law enforcement, support for an embattled democratic government, human rights, the rule of law, and the protection of U.S. citizens.

U.S. support for Colombia's strategy to address its challenges was demonstrated by the \$1.3 billion emergency supplemental approved in July 2000. Implementation of the projects supported by those funds is making good progress overall, although alternative development programs are being revised to address a number of challenges.

The proposed program for FY 2003 builds upon the FY 2002 program and is complemented by new initiatives proposed for Colombia's neighbors. Drawing on \$439 million for International Narcotics Control and Law Enforcement (INCLE) funding, it continues to address underlying social issues with \$164 million for alternative development, humanitarian assistance, and institution building, along with \$275 million for narcotics interdiction and eradication programs. The alternative development and institution building programs include emergency and longer-term assistance to vulnerable groups and displaced persons and programs promoting the rule of law, local governance, and human rights.

Eradication and interdiction programs continue to combat drug production and trafficking in coca-rich southern Colombia. With the process to train and equip the Colombian Army's (COLAR) second Counterdrug Brigade due to begin in FY 2002, FY 2003 programs will provide ongoing training and equipment funds to support these brigades as they expand operations beyond the departments of Putumayo and Caqueta. Funds will also provide training and operational support for the COLAR's Huey II and UH-60 helicopters, support for the CNP's Air Service, and upgrades of aviation facilities. Counternarcotics funding will continue to provide logistical support for expanded eradication operations.

Colombia remains the world's leading producer of cocaine and is an important supplier of heroin to the U.S. market. Colombian authorities increased the aerial eradication program and treated over 84,000 hectares of coca in 2001. Colombian Government goals are to cap off coca cultivation in 2001 and to

reduce cultivation from 2000 levels by 30 percent at the end of 2002. Continued U.S. support will assist the GOC to achieve these goals.

A prime goal in FY 2003 is to spray 200,000 hectares. Repeated spraying will deter replanting and allow the GOC to reduce coca cultivation by the end of FY 2006 to 50 percent of the 2000 level. The goal for poppy eradication is 10,000 hectares. Requested funding will result in the seizure of 40 metric tons of cocaine derivatives, the destruction of 2,000 base labs, and the dismantling of 160 cocaine labs.

Colombia, Latin America's oldest democracy, has become increasingly vulnerable to the activity of guerrilla, paramilitary, and narco-trafficking groups. Programs promoting democratic and human rights norms are based on fundamental U.S. values and are intended to assist Colombia's reform efforts and achieve greater political stability in the hemisphere. In addition, humanitarian assistance to internally displaced persons meets the U.S. long-term objective of stabilizing the region and providing legitimate employment and agricultural programs to replace cultivation of illicit drug crops.

The small but significant International Military Education and Training (IMET) program complements these U.S. objectives in Colombia. IMET assistance provides training for the Colombian military, including a strong emphasis on human rights, the observance of which is central to our support for the military and police.

Colombia will be eligible in FY 2003 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Transfer of grant EDA to Colombia continues our primary foreign policy objectives of fighting drugs and supporting the ongoing peace negotiations between the Government of Colombia and the insurgents. In addition, receipt of grant EDA will enable Colombian security forces to improve protection of human rights and create a climate of stability conducive to trade, investment, and economic development.

The Administration has submitted to Congress a request for \$98 million in Foreign Military Financing (FMF) to train and equip Colombian troops to protect the economically vital Cano Limon-Covenas pipeline, a frequent target of guerrilla sabotage. Lost revenue from guerrilla attacks has severely hampered the GOC's ability to meet the country's social, political and security needs. Colombia is the eighth-largest supplier of petroleum to the United States, and the pipeline protection proposal would enhance the GOC's ability to protect a vital part of its energy infrastructure.

Colombia's continuing post-1990 economic liberalization opened new opportunities for U.S. trade and investment. Expansion of U.S. exports to Colombia, including investment-led exports, means more and better-paid U.S. jobs at home. Colombia historically has been a top Latin American export market for U.S. business. Bilateral relations between the United States and Colombia have improved significantly under President Pastrana, including restoration of Colombia's access to programs of the Export-Import Bank, Overseas Private Investment Corporation, and Trade and Development Agency. The United States is seeking to increase the current percentage of the U.S. share of Colombia's import market, and the U.S. Embassy is an active advocate of American business.

Colombia faces challenges if the global downturn deepens. Strong GOC macro management, however, coupled with the approval of the revenue-sharing reform and the domestic debt swap should strengthen the fiscal situation. Colombia is in the second year of a three-year IMF program and should continue to meet IMF targets. Pending pension reform is important for GOC finances but is not likely to be passed in 2002.

Costa Rica
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
IMET	297	350	400
Peace Corps	485	845	913

U.S. primary national interests in Costa Rica continue to be the promotion of trade and a vibrant, diverse economy; increased counternarcotics cooperation; and support for sustainable development and sound environmental management - another area in which Costa Rica has been a regional leader. Costa Rica remains among the most stable nations in the hemisphere. Exerting international influence in greater proportion than the country's size would suggest, the Government of Costa Rica (GOCR) has for decades proven itself a strong ally in promoting economic development, integration, human rights, and regional stability. Costa Rica has become a staunch U.S. partner in the fight against international crime, greatly expanding and complementing U.S. law enforcement efforts in the region.

As a relatively prosperous nation with a strong, diverse economy, Costa Rica benefits from fewer direct U.S. aid programs than most of its regional neighbors. Nevertheless, because of its peaceful history and its democratic traditions, the assistance the United States provides to Costa Rica is a sound investment. Although Costa Rica maintains no traditional military, the International Military Education and Training (IMET) program promotes the U.S. goal of ensuring peace and regional security. The FY 2003 IMET request will continue training to further professionalize law enforcement officers and coast guard personnel through courses such as patrol craft commander training, rule of law and discipline in military operations. Likewise, as the GOCR assumes an increasingly sophisticated counternarcotics role and begins to address trafficking in and sexual exploitation of children, IMET training provides access to modern, state-of-the-art law enforcement training.

The GOCR recognizes the growing threat it faces as a drug-transiting country from narcotrafficking and has become one of the most important U.S. counterdrug allies in the region. Costa Rica receives no direct, bilateral International Narcotics Control and Law Enforcement (INCLE) funds. The United States provides INCLE funds from regional allotments, however, to support Costa Rica's expanding domestically-funded programs, which serve to amplify and reinforce U.S. hemispheric law enforcement efforts. These funds finance a variety of initiatives to strengthen law enforcement capabilities and to provide the law enforcement community the tools to do their job. In 1999 Costa Rica became the first country in Central America to sign a Bilateral Maritime Counternarcotics Agreement with the United States.

Costa Rica will be eligible in FY 2003 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Transfer of grant EDA to Costa Rica is consistent with U.S. efforts to reduce the drug flow and promote regional stability in Central America. Most EDA will be used to enhance counternarcotics capabilities, including communications equipment and air and ocean assets. Costa Rica's political stability and commitment to democracy is unusual in Latin America. Internal security is maintained by local police and lightly armed security forces under the Ministry of Public Security. (Costa Rica abolished its military in 1948.) The transfer of EDA demonstrates USG support of Costa Rica's democracy and encourages interoperability and the modernization of equipment.

Cuba
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
ESF	4,989	5,000	6,000

U.S. national interests in Cuba are fostering an open economy, democracy, and respect for human rights; protecting American citizens; and controlling U.S. borders by ensuring safe, legal, and orderly migration from Cuba.

U.S. policy encourages a peaceful transition to democracy in Cuba, thereby averting instability in a post-Castro Cuba that could provoke massive illegal immigration and make it difficult to control U.S. borders. The requested funding will be used to increase the flow of alternative information to the island, strengthen civil society, and increase the Cuban people's openness to reforming an inherently unstable system that remains dependent on a single person, Fidel Castro.

In support of this policy, the Economic Support Fund (ESF) backs public diplomacy to promote democratization, respect for human rights, and the development of a free market economy in Cuba. By increasing information about U.S. policies and the success of market economies around the world, public diplomacy efforts encourage Cuban aspirations for a democratic political system and a free market economy.

Support for democracy serves the U.S. interests in orderly migration and regional stability. Eventual progress by the Cuban regime toward preparing for a peaceful transition to democracy and a market economic system would reduce substantially the pressures for illegal migration to the United States. In support of democracy and civil society, ESF provides grants to U.S. universities and NGOs to:

- Provide a voice to Cuba's independent journalists.
- Build solidarity with Cuba's human rights activists.
- Help develop independent Cuban NGOs.
- Provide direct outreach to the Cuban people.
- Further planning for future assistance to a transition government in Cuba.

Dominican Republic
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
CSD	6,385	9,532	0
DA	8,800	6,450	19,409
ESF	3,492	2,000	3,500
FMF	649	350	320
IMET	513	500	500
Peace Corps	3,342	3,136	3,124
P.L. 480 Title II	1,525	0	0

The principal U.S. interests in the Dominican Republic are strengthening democracy, protecting the interests of American citizens in that country, and promoting economic stability and U.S. exports, while deterring illegal immigration and fighting international crime and drug trafficking.

The United States will use Economic Support Funds (ESF) and Development Assistance (DA) to strengthen democratic institutions and help maintain economic growth in the Dominican Republic. These accounts will be used to improve the administration of justice, combat corruption, and improve basic education and competitiveness. Technical assistance and training will be provided to: (1) support improvement in the administration of courts and prosecutors' offices; (2) support prosecutors in criminal case management and prosecution; (3) support strengthening of the Inspector of Tribunals and the Public Ministry's Anti-Corruption Unit; (4) support civil society advocacy for justice reform programs; and (5) support strengthening the Public Defender system. The programs will further the National Competitive Strategy, which helps integrate production and marketing of small and micro-enterprises.

U.S. funding will help address the causes of rural poverty and help build a more competitive and equitable society. Programs will focus on improving basic health services, including providing access to HIV/AIDS prevention and care programs. Attaining this goal will reduce incentives for illegal immigration and Dominican participation in drug trafficking and other international criminal activities, while helping to make the Dominican Republic a more attractive environment for American investors and tourists.

International Military Education and Training (IMET) funds will be used primarily to provide professional training designed to increase awareness on the part of the Dominican security forces of their role and responsibility for ensuring that human rights are respected while strengthening the rule of law. Foreign Military Financing (FMF) funds will be used to support coastal patrol boats used in the counter-drug operations and illegal migrant interdiction efforts. FMF also will be used to provide tactical communications that will facilitate coordination of the military's natural disaster response efforts.

The Dominican Republic will be eligible to receive Excess Defense Articles (EDA) in FY 2003 on a grant basis under Section 516 of the Foreign Assistance Act. Transfer of EDA to the Dominican Republic will contribute to U.S. interests by increasing indigenous capabilities to respond to natural disasters and provide humanitarian relief, reducing the need for direct U.S. assistance in the wake of future emergencies. EDA will also strengthen the capability of the Dominican armed forces for counternarcotics missions.

Eastern Caribbean
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
ESF	6,985	11,000	0
FMF	1,996	2,000	2,130
IMET	448	675	700
Peace Corps	2,135	2,084	2,105

The seven countries of the Eastern Caribbean – Antigua and Barbuda, Barbados, Dominica, Grenada, St. Kitts and Nevis, St. Lucia, and St. Vincent and the Grenadines – are vulnerable to being used for transnational criminal activity against the United States, including narcotics trafficking, alien smuggling, and financial crimes. U.S. assistance to the region strengthens the ability of the Eastern Caribbean countries to resist the inroads of drug traffickers, money launderers, and other international criminal elements. At the same time, U.S. support for the region generates expanded markets for U.S. goods and services, ensures safe and secure destinations for U.S. tourists and investments, ensures respect for the rule of law, safeguards important global resources, retards the transmission of HIV/AIDS, and strengthens respect for democratic values. A decline in the Eastern Caribbean’s political and economic stability would have a direct impact on the United States – heightening the vulnerability of Caribbean nations to use as bases of operation for unlawful activities directed against the United States, particularly drug-trafficking and financial crime, and increasing the level of illegal immigration to the United States from these countries. Promoting Caribbean regional security and economic prosperity is, therefore, in the clear interest of the United States.

A major U.S. goal in the Eastern Caribbean is to increase the capacity of national security forces of the region to deal with drug trafficking, financial crime, illegal trafficking in arms, alien smuggling, natural disasters, and external threats. At the same time, the United States aims to strengthen the ability of the Caribbean Regional Security System, comprised of national security organizations of the seven Eastern Caribbean states, to meet these challenges as an effective collective organization. Foreign Military Financing (FMF) will be focused on preventive maintenance to sustain the region’s maritime and ground-service operational capabilities and readiness for counter-drug operations, illegal migrant interdiction, search and rescue, and disaster relief efforts. International Military Education and Training (IMET) funding will be used for professional military education, civil-military relations, and technical training to help make the RSS a more effective partner in maintaining stability and increase its capacity to respond to drug trafficking and other challenges.

The seven countries of the Eastern Caribbean will be eligible to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act in FY 2003. EDA will be used in the region to promote interoperability and modernization of equipment. The provision of grant EDA will strengthen the RSS and enhance the ability of eastern Caribbean security forces to deal with the problems posed by drug trafficking, alien smuggling, environmental violations, and natural disasters.

As small island economies with limited ability to diversify production, high sensitivity to global economic conditions, environmental fragility, and susceptibility to hurricanes and other natural disasters, the nations of the Eastern Caribbean are particularly vulnerable in several ways. USAID, through its Caribbean Regional Program (CRP), will use Development Assistance (DA) to implement a strategy in the Eastern Caribbean that addresses several areas of vulnerability:

- First, the CRP aims to increase employment and diversification in select non-traditional activities. USAID will work with public and private sectors in the region to expand domestic and export markets for goods and services, reduce barriers to trade and investment, and stimulate a more

conducive business environment. USAID will support micro and small businesses by reducing barriers to increased production and marketing of goods (including non-traditional agricultural goods) as well as services (including tourism and information technology-related services).

- Second, USAID's regional environmental program seeks to identify and act upon those environmental problems that are most likely to be exacerbated by growth across the region. Working closely with the public and private sector, NGOs, and other donors, USAID will promote the use of best environmental management practices; define and reinforce sustainable tourism policies and compliance measures; and strengthen the private sector's capacity to access financing for environmental programs.
- Third, the CRP aims to enhance judicial efficiency and fairness in the Caribbean. The program will improve the operating environment of courts in the Eastern Caribbean through computerization and streamlined case-flow management, promote a fuller use of alternative dispute resolution methods, and improve court reporting. It will also provide judicial and administrative training to judges, magistrates, and court staffs.
- Finally, the CRP aims to enhance the Caribbean response to the HIV/AIDS crisis in target countries. USAID will focus specifically on increasing the capacity of NGOs and community-based organizations to deliver prevention programs, in addition to increasing government capacity to implement an effective HIV/AIDS response.

Regional stability and economic prosperity are essential elements in the Eastern Caribbean's attraction as a tourist destination for Americans and the presence of significant numbers of American citizen residents. Over 300,000 U.S. citizens visit the islands of the Eastern Caribbean annually, and over 3,000 Americans reside in the region. The sheer number of Americans living, traveling, and studying in the area has linked the Eastern Caribbean closely to the United States, and the magnitude of the American citizen presence makes it even more important to encourage regional law enforcement, judicial institutions, and economic development. The United States, in turn, has become a preferred destination of Eastern Caribbean citizens for tourism, work, and education; and the degree of regional stability and prosperity affects the nature of this movement to the United States. The safety of U.S. citizens is a priority. U.S. officials in Bridgetown and Grenada maintain close contact with the local police, national security, judicial, aviation, and tourism officials; keep U.S. citizens informed of safety and security concerns; maintain registration and warden systems; and monitor the welfare of U.S. citizens imprisoned on the islands.

Ecuador
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
DA	8,184	6,855	7,130
ESF	5,491	15,000	20,000
FMF	0	0	1,000
IMET	550	625	650
INCLE	2,200	25,000	37,000
NADR-HD	963	370	250
Peace Corps	2,639	2,759	2,768

U.S. interests in Ecuador include strengthening and consolidating democratic institutions, interdicting and disrupting narcotics trafficking and terrorism, stabilizing and developing the economy, promoting human rights, reducing poverty, and encouraging sound environmental policies. By addressing economic and financial shortcomings in the country, the United States actively seeks to preserve democracy and its processes to support a democratic and prosperous Ecuador.

Ecuador is a firm partner in the war against drugs. The United States, through International Narcotics Control and Law Enforcement (INCLE) programs, works actively with the Government of Ecuador (GOE) to interdict illicit drug-related activities. U.S. and GOE authorities have strengthened law enforcement activities and interdiction cooperation, but drug traffickers continue to exploit Ecuador's vulnerability. In FY 2003, INCLE funds will provide resources to bolster the professionalism, institutional capacity, and collaborative performance of the national police and the military in their fight against trafficking, particularly in Ecuador's troublesome northern border region. These funds also will be used to expand training and provide essential infrastructure and equipment to improve security along the northern border and to promote alternative development.

Attention has shifted to Ecuador's troubled northern border region, where most of the Economic Support Funds (ESF) requested for FY 2003 will be used to develop economic opportunities in support of GOE efforts to solidify regional stability and provide for long-term economic alternatives to the coca/cocaine industry.

Ecuador's economy improved dramatically over the past year. By the end of 2001, economic growth was over five percent, and inflation had dropped to nearly 20 percent, a substantial decrease from the more than 90 percent rate of 2000. However, improving macroeconomic performance did not translate into higher living standards for the majority of the population and Ecuador remains a poor country. FY 2003 Developmental Assistance (DA) funds will be used to further strengthen the microfinance sector. DA programs will also promote sustainable use and responsible stewardship of Ecuador's unique biodiversity, the highest biodiversity per hectare of any South American country. DA funds enhance capabilities in the Galapagos Islands as well as conservation efforts in other key areas of the country.

In FY 2003, Foreign Military Financing (FMF) will help Ecuador prepare for potential spillover of violence and narco-trafficking in southern Colombia. The FMF funding will purchase spare parts and repair of C-130 aircraft previously provided under EDA grant 10 years ago. Operational aircraft will provide strategic lift for field units, assist in disaster response, and allow for provision of humanitarian relief. As available, funding could be used for repair of radar and conversion of missile boats to coastal patrol boats. Although Ecuador led the Latin American shift from military to elected civilian rule in 1979, the country's democratic institutions remain weak, as evidenced by the ouster of democratically elected President Mahuad in

January 2000. To strengthen democratic institutions and military professionalism, the United States utilizes International Military Educational and Training (IMET) funds. FY 2003 IMET funds will provide military and civilian defense training that reinforces the principles of civilian rule and strengthens the principles of human rights. Portions of DA, IMET, and ESF funds will be used for programs that focus on increasing support for democracy through judicial reform and local governance activities.

Ecuador will be eligible in FY 2003 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Transfer of grant EDA to Ecuador will support the U.S. foreign policy goal of maintaining Ecuadorian democracy by aiding the military services. Their role is to support the elected government and protect the country's northern borders, which are increasingly being violated by narco-traffickers and insurgents in Colombia. EDA will strengthen Ecuador's military by providing badly needed resources and equipment in the country's ongoing economic crisis. Provision of EDA will also show U.S. commitment to Ecuador through support of its regional counternarcotics efforts.

Nonproliferation, Anti-terrorism, Demining, and Related Programs (NADR) funds have been used to accelerate demining of the border region and to strengthen efforts by the Organization of American States to develop a pilot program with both Peru and Ecuador. The FY 2003 funding will continue to support these efforts.

El Salvador
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
CSD	14,557	14,822	0
DA	31,807	44,880	33,724
ESF	4,989	25,000	0
FMF	0	1,000	2,500
IMET	653	800	900
Peace Corps	2,228	2,347	2,355
P.L. 480 Title II	1,459	0	0

The principal U.S. interests in El Salvador are supporting democracy, fighting international crime and illegal drugs, encouraging economic development, protecting our borders by deterring illegal immigration, and promoting U.S. exports. The benefits of this policy are internal and regional stability, fewer criminal threats to the United States, reduced illegal immigration, and increased trade. In addition, El Salvador is a regional model for economic, military, and institutional reform, and a showcase for the success of U. S. policy in the region over the past two decades. U.S. interests in the region are also served by helping El Salvador rebuild its economy following the January/February 2001 earthquakes. The reconstruction process is expected to go on for several years and will remain the centerpiece of the U.S. assistance effort for FY 2003.

The United States will use Development Assistance (DA) and Economic Support Funds (ESF) to help El Salvador recover from the devastating earthquakes. The total cost of reconstruction from the calamity, which was worse for El Salvador than either Hurricane Mitch or the 1986 earthquake, is estimated at around \$2 billion. The United States is working closely with El Salvador in its post-quake reconstruction activities, mainly on long-term shelter, disaster mitigation, economic reactivation, and community infrastructure. The reconstruction effort in FY 2002 will be used to address the effects of the disaster, with primary focus on replacement of destroyed/damaged housing among the rural poor. It will also be used to revitalize the local economy by supporting microcredit and agriculture programs; rehabilitating health, education, water, and local government infrastructure; and improving disaster preparedness.

Because wide-spread violent crime represents the greatest threat to democracy and stability, and because the capabilities of the police have been compromised by damage to communications and other infrastructure resulting from the earthquakes, programs funded by International Narcotics Control and Law Enforcement (INCLE) Latin American Regional funds will emphasize reconstruction of police facilities. ESF will be used to strengthen police management systems, including internal affairs and investigative functions and U.S.-style community policing strategies. INCLE will continue to provide police training and technical support specifically related to counter-narcotics as well as technical support to combat money laundering.

Broad-based economic development in El Salvador, which has been set back considerably by the recent disaster, will improve prospects for U.S. exports and help reduce the pressures driving illegal immigration. Development Assistance (DA) programs will continue to assist the rural poor gain expanded access to economic opportunity, clean water, and better health services. DA will also support more effective and inclusive democratic processes. Funds will be targeted at rural areas and used to improve access to potable water, as well as to reduce family health problems and diseases through improved medical care. In direct support of open markets, U.S. exports, and global economic growth, DA will be used to provide technical assistance to the government for energy market deregulation and improved revenue collection. The program will continue to strengthen democratic institutions by helping local officials be more responsive to

constituents, bolstering the capabilities of the legislative and executive branches of government, broadening political participation, and promoting judicial reform.

International Military Education and Training (IMET) funds will be used for professional training programs that will sustain the thoroughgoing reform of the Salvadoran military and consequent improvements in the democratic climate and regional stability seen in recent years.

El Salvador will be eligible to receive FY 2003 Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Transfer of EDA to El Salvador will contribute to U.S. interests by reducing the burden placed on the United States in responding to natural disasters and providing humanitarian assistance. EDA will be used to foster defense cooperation and enable the Salvadoran military to respond more effectively to contingencies such as Hurricane Mitch and the January/February 2001 earthquakes. EDA will also increase the ability of the Salvadoran armed forces to support efforts to fight drug trafficking and will assist efforts to help the Salvadorans shift from combat-oriented units to units that can support peacekeeping operations.

Foreign Military Financing (FMF) funds will be dedicated to upgrading infrastructure to support EDA naval vessels being transferred to El Salvador to improve counter-narcotics interdiction capabilities. They will also be used for spare parts to help restore the Salvadoran helicopter fleet to mission readiness following the extreme strain on equipment incurred in responding to the recent earthquakes and, if necessary, help fund acquisition of one or more additional helicopters through the EDA program.

Guatemala
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
CSD	6,905	15,350	0
DA	16,937	12,320	26,691
ESF	13,969	10,000	7,500
IMET	291	350	350
INCLE	3,000	3,500	3,400
Peace Corps	3,262	4,060	4,080
P.L. 480 Title II	16,036	15,808	18,013

The United States has an interest in promoting political stability and economic growth in Guatemala – the most populous country with the largest economy in Central America – in order to improve U.S. ability to combat international criminal activities. Money laundering, narcotics trafficking, and illegal immigration in Guatemala all have a direct impact on U.S. national security. As Guatemala’s key trade partner, the United States also has an important interest in encouraging the government to maintain an open trading system and to institute reforms to promote a healthy investment climate. This will help attract profitable U.S. investment, and a sound economy also will provide a robust market for U.S. exports. Protecting and assisting the considerable number of resident and tourist American citizens in Guatemala is another important interest and is supported by U.S. assistance to improve Guatemalan law enforcement and administration of justice programs.

Support for peace implementation is a cornerstone of current U.S. policy towards Guatemala. Peace consolidation will create positive socio-economic changes that will help maintain stability, foster greater political legitimacy, and promote broad-based economic growth. FY 2003 Economic Support Funds (ESF), Development Assistance (DA), and P.L. 480 food aid will help support Guatemala's attempts to consolidate peace implementation by promoting national reconciliation, human capacity development, anti-poverty programs, and modernization of the state (e.g., justice system, tax administration, congress, and local governments). Funds will support democratic development programs, improved access and quality of education services, improved health for rural women and children, increased rural incomes and food security, and sustainable natural resource development.

DA and ESF will leverage U.S. ability to push the government to maintain open trade ties and to make the necessary structural reforms to encourage profitable U.S. investment. International Military Education and Training (IMET) will support the ongoing transition to civilian control of the armed forces and promote further military professionalism, both key peace accord objectives. Under the Expanded IMET program, these funds will provide courses to military officers and civilians that promote civilian control of the military, instill respect for human rights, improve the military justice system, and enhance management of defense resources. Guatemala also will be eligible in FY 2003 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. EDA will be used to assist the armed forces in promoting the peace process as well as to enhance interoperability and modernization efforts.

Guatemala’s strategic location makes it a significant transit point for narcotics flows destined for the United States. FY 2003 International Narcotics Control and Law Enforcement (INCLE) funds will support U.S.-Guatemalan counternarcotics cooperation. ESF-funded programs to enhance administration of justice will help the government strengthen criminal justice institutions as well as enforce laws related to protection of intellectual property, worker rights, and other human rights.

INCLE funds will improve counternarcotics and law enforcement capabilities by providing training and equipment for an expanded civilian Department of Anti-Drug Operations that is responsible for interdiction and eradication, assisting in modernizing the judiciary, and supporting updated anti-drug and money laundering legislation.

INCLE funds also will expand the activities of narcotics prosecutors and investigators, continue information coordination operations, enhance public awareness of the damage inflicted by drug abuse and trafficking, and complete the establishment of port security projects. Such measures will help reduce the flow of cocaine and other illegal drugs to the United States and deter other criminal activity. Additionally, improved law enforcement and administration of justice will contribute to protection of American citizens in Guatemala from growing criminal and other public security threats and will create a climate conducive to building democratic institutions.

Guyana
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
CSD	798	1,000	0
DA	3,800	3,100	3,180
FMF	124	200	400
IMET	192	275	275
Peace Corps	773	799	811

U.S. interests in Guyana focus on bolstering democratic institutions. Political and racial unrest after the 2001 elections, although reduced, directly threatened such institutions. Additional strengthening and deepening is essential to the long-term development and stability of Guyana.

Many Development Assistance (DA) programs focus on strengthening democratic processes and institutions. In FY 2003, DA funds will be used to improve the law-making and regulatory process, strengthen civil society, encourage the growing participation of women in government, and build sustained institutional capacity to conduct free and fair elections. A judiciary program increases court systems efficiency and fairness by improving the operating environment of the courts through computerization and streamlined case-flow management; by promoting, through technical assistance and training, a fuller use of alternative dispute resolution methods as an alternative to going to court; and by automating court reporting.

The Guyana Defense Force (GDF) remains inadequately funded, but bilateral military cooperation is growing. FY 2003 Foreign Military Financing (FMF) will support the costs of a communications system and related equipment. Guyana will be eligible in FY 2003 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. EDA boats and International Military Education and Training (IMET) will significantly boost the GDF Coast Guard's ability to interdict narcotics trafficking, as well as promote civil affairs and improve crisis management. IMET funding has also been used to increase the professionalism and capabilities of the GDF and to strengthen regional stability.

Guyana's economic development and political stability are closely linked. Growth since 1998 has been negligible. Guyana is one of the poorest countries in the hemisphere with a per capita income of about \$800. In 1999 Guyana qualified for debt relief under the initial stage of the Heavily Indebted Poor Countries (HIPC) initiative but is having problems satisfying conditions for greater debt reduction under enhanced HIPC. DA funds seek to improve the climate for private investment. These programs enhance Guyana's capacity to execute sound economic policy, strengthen the private sector's ability to influence the development of these policies, and provide increased services in support of small and micro enterprises.

The U.S. Embassy works actively on promoting American investment in Guyana. While markets and investment opportunities are limited, the slow opening of Guyanese markets will create small niches for U.S. exports.

Guyana has the second highest HIV prevalence rate in the Latin American/Caribbean region. USAID has responded with HIV/AIDS awareness and prevention programs, working with local NGOs to combat HIV/AIDS among youth through a variety of outreach efforts. Faith-based NGOs that provide basic care and support services to people living with AIDS and their families are being incorporated into the program.

Guyana is increasingly a transit point for narcotics destined for the United States and Europe. A small USG counternarcotics/crime program is funded through the International Narcotics Control and Law Enforcement (INCLE) Latin American Regional program. The emphasis is on training to aid Guyana's

under-equipped and inexperienced counternarcotics agencies. With USG help, Guyana has established a Joint Information Coordination Center for counternarcotics information. The Embassy is assisting the Government of Guyana (GOG) in drafting effective counternarcotics/crime legislation and has pressed for the passage of money laundering, asset forfeiture, and other modern anti-crime statutes. The Embassy is also pressing the GOG regarding alien smuggling. DA programs to strengthen the rule of law and increase the effectiveness of the judicial system reinforce other law enforcement programs.

Haiti
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
DA	0	0	25,000
ESF	46,894	30,000	0
FMF	0	300	400
IMET	0	0	50
Peace Corps	1,323	1,324	1,352
P.L. 480 Title II	25,111	0	22,375

U.S. interests in Haiti hinge on stemming the flow of undocumented immigrants and illegal drugs into this country. The United States also seeks to roll back HIV/AIDS infection rates that threaten the region. Haiti is classified by the World Bank as a low income country, one of only two such countries in the Western Hemisphere. With a per capita Gross Domestic Product (GDP) of about \$500, negative real GDP growth over the period from 1990-2001, two-thirds of the population living below the poverty line, and widespread unemployment and underemployment, Haiti's short- and medium-term economic prospects are grim. This fact alone is enough to send thousands of undocumented migrants headed toward U.S. shores annually, often in boats totally unsuited to crossing 600 miles of shark-populated open sea.

A U.S. bilateral assistance program directly supports U.S. national interests by promoting democratic and economic development in Haiti. Reducing poverty directly addresses conditions that contribute to illegal emigration to the United States. Strengthening the Haitian government's ability to stop the use of its territory for shipping illegal narcotics to the United States responds to a key U.S. policy concern, both domestically and internationally. Improving the capabilities of the Haitian government and civil society under this program furthers the substantial U.S. efforts since the 1994 intervention to end definitively Haiti's long history of undemocratic and repressive rule.

U.S. engagement in Haiti transitioned from the crisis-driven activism of the 1990's to a more normal and long-term approach aimed at building an evolving, inclusive democracy. It seeks to tackle first the worst effects of poverty: high fertility, poor education, malnutrition, and environmental degradation. It also looks to strengthen Haiti's still vulnerable democratic infrastructure by emphasizing activities supportive of the rule of law, good governance, professional policing, and the development of local government and civil society.

Haiti is a complex development challenge, with a history of political instability and repression, widespread poverty, illiteracy, and weak government institutions. As the World Bank's Study on Haitian Poverty indicates, 65 percent of Haiti's people live in rural areas and two-thirds of all Haitians live below the absolute poverty line (that is, unable to meet minimum daily caloric requirements). A significant segment of Haiti's population lives at a level of economic vulnerability seen only in war-torn countries.

In FY 2003, there will be a shift in account support from all Economic Support Fund (ESF) to all Development Assistance (DA), reflecting the primarily developmental nature of U.S. programs. The programs will be geared to generating sustainable increased income for the poor, improved human capacity, encouraging healthier families of desired size, and slowing environmental degradation, particularly in rural areas.

Haiti's progress toward institutionalizing the democratic goals set forth in the 1987 Haitian Constitution remains incomplete. The military was disbanded and replaced by a completely new civilian police force.

Civil society is increasingly active and vocal over public priorities and concerns and is putting increased pressure on the government to “transform the state” through decentralization. Although there is a fledging democratic framework in Haiti, the process of institutionalizing good governance remains tenuous and in need of continued outside support.

FY 2001 legislative restrictions on assistance to the central government of Haiti curtailed planned support to the Haitian National Police (HNP) and its Coast Guard, through International Military Education and Training (IMET) and Foreign Military Financing (FMF). FY 2002 legislation permits resumption of FMF assistance to the HNP, and its Coast Guard in particular, mostly to enhance counternarcotics capabilities. Increased efforts in this area are anticipated.

Haiti will also be eligible in FY 2003 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Transfer of grant EDA will promote our long-standing interests in strengthening democracy and reducing the flow of illegal narcotics and undocumented aliens. Receipt of EDA, such as boats for the Haitian Coast Guard, will increase Haiti’s capacity to patrol its coastline to interdict drug traffickers and alien smugglers.

Honduras
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
CSD	8,936	13,070	0
DA	16,789	15,430	35,096
ESF	998	1,000	0
IMET	546	625	650
Peace Corps	3,825	4,065	4,034
P.L. 480 Title II	5,270	3,647	5,190

Honduras, a close neighbor and long-time ally, continues to suffer from the impact of the massive devastation of Hurricane Mitch in late 1998. The United States led an international effort to rebuild Honduras, achieving most goals of the reconstruction program by the end of 2001. Some reconstruction work continues due to delays from the drought in mid-2001 followed by Hurricane Michelle and severe flooding in the fall. The United States continues to address some of the chronic problems that plague the country including weak democratic institutions; limited modern infrastructure; weak social, public security, and judicial systems; chronic housing shortages; slow economic reforms; and the highest intensity of HIV/AIDS in Central America. Addressing these problems supports U.S. national interests by providing market and investment opportunities for U.S. businesses; promoting employment (and thereby discouraging illegal immigration); strengthening democratic institutions, the rule of law, and social systems; providing greater legal protection and security for U.S. citizens and firms; deterring narcotics trafficking and other criminal activity; and ensuring regional stability.

For the past three years U.S. assistance to Honduras has focused on the massive reconstruction effort following Hurricane Mitch. The reconstruction program has allowed thousands of displaced families to obtain permanent shelter. Basic infrastructure (water and sanitation, roads, and bridges) along with critical social infrastructure (schools and health clinics) lost or damaged during the storm has been rebuilt. U.S. assistance funded the reconstruction of over 1,250 kilometers of roads and the repair of 123 damaged health clinics.

As the bulk of the reconstruction program was completed by the end of 2001, U.S. assistance will be used to ensure the continuation of social and economic reforms that were linked to the reconstruction program. The previous administration in Honduras enacted important democratic and economic reforms, especially in the civil-military structural relationship and the judicial sector. Honduras strengthened the institutions in charge of disaster preparedness and emergency response at the local and national level. In addition, management of the country's four international airports was successfully contracted to an international consortium. However, progress began to slow in 2000 and stalled further in 2001, an election year. The first attempt to privatize part of the state-owned telephone company failed, and several key reforms have been stalled in the Honduran Congress. The new administration, which took office in January 2002, appears ready to reinvigorate the reform process.

In FY 2003, U.S. activities to support further progress on democratic and economic reforms include Development Assistance (DA) to target economic growth and natural resource management, governance and municipal development, public health, and education. In addition, DA will help improve access of rural women and children to basic education and health care. The International Military Education and Training (IMET) program for Honduras will help consolidate civilian control of the military through training programs and participation in regional military exchanges/programs.

Honduras will also be eligible in FY 2003 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act . Transfer of grant EDA to Honduras is consistent with U.S. foreign policy objectives of interdicting narcotics trafficking and enabling the Honduran Armed Forces to better conduct disaster relief and search and rescue missions. In spite of the economic constraints, the Government of Honduras continues to make progress on its commitment to cooperate on narcotics interdiction. EDA boats, vehicles, and helicopters will be important for continued progress in this area as well as the other aforementioned missions.

U.S. International Narcotics Control and Law Enforcement (INCLE) funds from regional allotments are used to support Honduras' expanding anti-drug programs, which serve to amplify and reinforce our own hemispheric law enforcement efforts. These funds finance a variety of crucial initiatives, including a canine counternarcotics unit, maritime assets, demand reduction programs, and training and equipment for police counternarcotics units.

The Organization of American States expects that Honduras will be declared "mine safe" in FY 2002. No further Nonproliferation, Anti-terrorism, Demining, and Related Programs (NADR) humanitarian demining funds are needed for Honduras.

Jamaica
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
CSD	4,116	2,821	0
DA	7,685	9,471	15,980
ESF	1,497	1,000	0
FMF	584	600	700
IMET	465	600	600
INCLE	257	1,550	1,300
Peace Corps	2,008	2,024	2,054

U.S. interests in Jamaica include stemming the flow of illegal narcotics and migrants, preventing the cultivation and export of Jamaican-grown marijuana to the United States, protecting the interests of U.S. investors, ensuring the safety and security of Americans residing or visiting on the island, and assisting Jamaica to play a constructive leadership role among Caribbean countries. U.S. programs seek to support sustainable economic growth, bolster the effectiveness of Jamaica's security forces and judicial organs, and alleviate social ills that have a debilitating effect on democratic institutions and respect for the rule of law.

Jamaica plays a leadership role among the Caribbean countries. Jamaica is the major Caribbean transit point for South American cocaine enroute to the United States, and the island is the largest producer and exporter of marijuana in the Caribbean. It is important that Jamaica have sufficient resources to combat narcotics trafficking and the accompanying crime, corruption, and threats to democratic institutions.

The Jamaica Defence Force (JDF) has demonstrated during joint counternarcotics exercises with the United States under the bilateral maritime agreement that it is professional and well-trained. The Government of Jamaica (GOJ) needs to take steps to better employ the bilateral maritime agreement to maximize use of U.S. resources that augment limited Jamaican resources. When not called on by the GOJ to assist in police or prison duties, the JDF participates in marijuana eradication.

Jamaica will be eligible in FY 2003 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. EDA for Jamaica will be used to support the JDF's role as a stabilizing force in the Caribbean through active involvement in peacekeeping operations, search and rescue missions, disaster relief, and counternarcotics operations. It will also aid in enhancing interoperability in U.S.-Caribbean joint exercises. FY 2003 Foreign Military Financing (FMF) funds will continue to provide valuable technical support and spare parts for aircraft and armored vehicles, as well as uniforms and other equipment for the JDF. International Military Education and Training (IMET) funding will assist the GOJ by providing training programs that focus on professionalizing their military, developing future leaders, inculcating a better capability in resource management, and instilling a greater respect for human rights among service members.

U.S. counternarcotics funding assists GOJ anti-drug agencies to enhance detection and interdiction capability, as measured by increased drug seizures and drug-related arrests, and to undertake investigations leading to successful prosecutions. U.S. funding supports development of GOJ anti-money laundering capabilities and effective anti-corruption mechanisms and adoption by the GOJ of modern anti-crime legislation. U.S.-funded training includes anti-money laundering, anti-corruption, collection and analysis of evidence, port security, and tracing firearms.

In 2001, Jamaica's GDP grew modestly after five years of flat growth. Over half of the government's budget goes to debt service. Environmental problems include water pollution and damage to forests and coral reefs and threaten one of Jamaica's few profitable industries, tourism. Society is threatened by criminal gangs, inadequate schools, the breakdown of the family, and high unemployment, particularly among the young. The poor economic situation in Jamaica also contributes to the problem of illegal Jamaican migration. U.S. Development Assistance (DA) programs foster the creation and expansion of small businesses, improve water quality, and protect parks and foster eco-tourism. DA programs also address the problems of at-risk youth by combating HIV/AIDS, sexually transmitted diseases, and pregnancy; providing services to pregnant teenagers and reformed addicts; and improving educational standards at 72 primary schools. Programs at these schools will target literacy, quality of teaching, school attendance, and management. The programs will also target the gang-ridden "garrison communities."

About 800,000 U.S. citizens visit Jamaica annually, and approximately 8,500 Americans reside in Jamaica. The safety of U.S. citizens is a priority. U.S. officials in Jamaica maintain close contact with the Jamaican police, national security, judicial, aviation, and tourism officials; keep U.S. citizens informed of safety and security concerns; maintain registration and warden systems; and monitor the welfare of the 50-60 U.S. citizens imprisoned at any given time. The U.S. Embassy has a program that warns about penalties for attempting to smuggle illegal drugs out of Jamaica into the United States.

Mexico
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
CSD	5,987	5,500	0
DA	7,885	6,915	18,276
ESF	6,178	10,000	12,000
IMET	1,000	1,150	1,250
INCLE	10,000	12,000	12,000

Mexico is the most important U.S. foreign policy priority in Latin America. What happens in Mexico has more direct daily impact on U.S. citizens than events in any other country. An authentic partnership exists between the United States and Mexico based on the many things held in common. These include: (1) a 2,000-mile border with its migration, crime, and trade issues; (2) economic, environmental, and health interdependence of citizens; (3) domestic political interdependence and common social heritage; and (4) shared concern that the citizens of both countries be able to benefit from economic opportunity and growth. The U.S. Government has a major stake in helping Mexico fulfill its obligations within these shared challenges. The strong Bush-Fox personal partnership presents an historic opportunity to establish truly effective cooperation between the two countries.

In FY 2003, Economic Support Funds (ESF) will focus on helping public and private agencies combat HIV/AIDS, sexually transmitted infections, and tuberculosis; developing more responsive government institutions; supporting efforts to improve sustainable use of natural resources; reducing carbon dioxide emissions and pollution; and supporting microenterprise. The United States will also participate in the regional Partnership for Prosperity initiative and implement the new Training, Internships, Education, and Scholarships (TIES) program.

FY 2003 Development Assistance (DA) funds will be used to support HIV/AIDS programs, strengthen NGO capacity, train health service providers, advance strategic planning and budget allocation in target states, conduct a service provision assessment in target states, and examine HIV prevalence in mobile populations in Mexico and Central America.

Both ESF and DA will be used to strengthen democracy in Mexico. Programs will increase the effectiveness of local governance in targeted areas, strengthen permanent structures to enhance Congress' legislative function, improve the efficiency of judicial administration in targeted courts, and increase the transparency and accountability of target government institutions.

DA will also support the U.S. program to conserve critical natural resources in Mexico. This program will strengthen management and infrastructure in protected areas, increase involvement of local people in decisions on resource use and conservation, support development and application of alternative uses for forests and other resources, identify and work to improve policies that promote conservation of critical resources, and build capacity of key institutions and individuals to implement resource management programs in selected regions in Mexico.

The U.S. energy program in Mexico contributes to reduced carbon dioxide emissions by improving energy conservation. Program activities include: demonstrating the viability of energy efficiency, renewable energy, and pollution prevention technologies through implementation of pilot projects, followed by replication on a larger scale; supporting local partners' promotion of policy reforms that foster those technologies; strengthening technical and managerial capabilities of Mexican partners for resources

management systems and renewable energy development; and identifying other funding for broader or nationwide replication of resource management and renewable energy technologies.

The U.S. microenterprise program, supported with DA funds, is designed to achieve four results: increase communication and collaboration among microfinance institutions (MFIs) and other service providers in order to define constraints to microenterprise growth; strengthen the operational sustainability and management of selected MFIs in order to improve credit and financial services for microenterprises; increase the understanding and appreciation of the role of microenterprise in the Mexican economy and evaluate the influence of microenterprises on decision-making; and develop models and mechanisms that meet the financial needs of rural microenterprises and advance USAID's environmental and energy goals by reducing urbanization and pollution.

ESF will support the TIES program to provide training opportunities in the United States for young Mexicans who work in areas that positively impact Mexico's economic growth and social development. This initiative will facilitate the pursuit of a common agenda for development that is emerging in the U.S.-Mexico bilateral relationship and contribute to Mexico's ability to take advantage of opportunities created by the North American Free Trade Agreement, ultimately narrowing the social and economic gaps between Mexico and the United States. TIES will benefit many segments of U.S. and Mexican society: higher education institutions, civil society, and other non-governmental and community groups; the private sector; and national, state, and local governments.

The initiative will respond to strategic priorities and new opportunities for cooperation arising from the strong Bush-Fox relationship and its resulting U.S.-Mexico development dialogue. It has two components: first, academic training in the United States (primarily master's degree-level training); and second, higher education partnerships (between Mexican and U.S. institutions).

U.S. interests in good governance, law enforcement, and regional stability will also be served by the continued evolution of a professional Mexican military respectful of human rights that cooperates with the United States on issues of common interest. FY 2003 International Military Education and Training (IMET) funds will provide professional and technical training in areas of mutual concern, including strengthening military command and technical capabilities, human rights standards, resource management, and English-language skills. IMET's effectiveness will be measured in part by the promotion of U.S.-trained officers and civilian personnel to positions of leadership and command, increased interoperability and cooperation in joint military operations, and effectiveness in counterdrug and other law enforcement support missions.

Mexico will be eligible in FY 2003 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Transfer of grant EDA to Mexico serves high-priority U.S. foreign policy objectives by enhancing Mexico's capabilities in the struggle against illicit production and traffic in narcotics. Mexico is the source country for much of the marijuana, heroin, and methamphetamines, and the primary transshipment point for cocaine, destined for the United States. More effective counternarcotics cooperation is key to U.S. efforts to reduce the flow of drugs into this country.

Nicaragua
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
CSD	7,006	8,170	0
DA	16,390	16,152	27,258
ESF	1,499	1,500	0
FMF	0	500	500
IMET	222	375	400
Peace Corps	2,327	2,571	2,625
P.L. 480 Title II	7,808	8,039	10,363

The primary national interests of the United States in Nicaragua are to support and strengthen democratic institutions, foster regional security and interdict international crime, and promote broad-based economic growth. Since the return of democratically elected government in 1990, Nicaragua has made great strides toward establishing legitimate democratic institutions. Nicaragua's watershed presidential elections, in which Liberal Party candidate Enrique Bolaños won by a 14-percent margin over Sandinista Party contender Daniel Ortega, demonstrated once more that Nicaraguans are determined to continue along a democratic path. Nicaragua has also witnessed significant economic change over the past decade, opening its markets and actively seeking foreign investment.

Nevertheless, despite growth in some sectors, Nicaragua is the second poorest country in the hemisphere, and it has been unable to significantly reduce its poverty levels. Nicaragua is one of the most indebted countries in the world on a per capita basis and is close to receiving debt forgiveness under the Heavily Indebted Poor Countries initiative. The dramatic reduction (by at least 50 percent) of the international price of coffee, Nicaragua's main export, severely affected the economy, as did four bank failures between 2000 and 2001. The 2001 drought created an additional strain on the economy. Continuing U.S. engagement remains an important component of Nicaragua's ongoing effort to become a stable, democratic, and more prosperous U.S. regional partner.

Development Assistance (DA) and Economic Support Funds (ESF) are the backbone of U.S. democracy programs in Nicaragua. In the long term, these focus on justice sector reform, civil society strengthening, municipal development, and accountability/anti-corruption and electoral administration reform. Institutions remain weak and subject to manipulation, making U.S. support in each of these areas crucial if Nicaragua is to establish legitimate democratic institutions that respond to the needs of the country's citizens. DA funds support improved access to and quality of basic education, improved health for rural women and children, and food security. DA is also crucial to U.S. efforts to promote sustainable natural resource management and increased rural incomes. Specifically, DA funds go toward promoting microenterprise development, expanding infrastructure, and providing technical assistance to farmers.

Success in protecting and promoting U.S. national interests in Nicaragua depends largely on how well the scourge of narcotrafficking and other transborder crime is addressed. While Nicaragua receives International Narcotics Control and Law Enforcement (INCLE) funds from regional programs, bilateral INCLE investment in Nicaragua is relatively new. Nevertheless, this has already paid great dividends in amplifying the effect of our own law enforcement efforts in the region. The United States is currently providing training and equipment to the newly created anti-drug division of the Nicaraguan National Police and seeking to promote the formation and training of a coast guard. With the October 2001 signature of a Bilateral Counternarcotics Maritime Agreement, cooperation is expected to increase, as will funding needs. Justice improvement and anti-corruption projects seek to fortify this work on the institutional level.

Continued U.S. counternarcotics assistance to Nicaragua will eventually bring the Government of Nicaragua (GON) up to the standard of its neighbors, who have had a longer relationship with the United States, providing a unified front against crime in a region that cannot afford weak spots.

International Military Education and Training (IMET) funds serve both to promote regional security and to strengthen democratic institutions. The Nicaraguan National Army (EN), once at the service of Sandinista political leadership, has made significant strides in professionalizing and depoliticizing its officer corps, and in submitting to the direction of a civilian President and a civilian Minister of Defense. To continue this process, courses in military resource management, human rights, and the role of a modern military within a democratic framework are crucial if Nicaraguan civilian leaders - many of whom have little direct experience with military institutions - are to lead the EN effectively.

Foreign Military Financing (FMF), starting in FY 2002 and continuing in FY 2003, will be used to enhance the EN's new role as a nation-building institution subordinate to civilian control - a major U.S. policy goal in Nicaragua. The EN interdicts narcotics flows through Central America in the adjacent Caribbean. Assistance will also help the EN enhance its capability to conduct disaster relief and search-and-rescue missions in a disaster-prone zone. Nicaragua is eligible to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Transfer of grant EDA to the GON will likewise strengthen the EN's capacity to interdict narcotics flows and conduct disaster relief and search-and-rescue missions.

Nonproliferation, Anti-terrorism, Demining, and Related Programs (NADR) funds in Nicaragua go to fund one of the most successful humanitarian demining operations in the Western Hemisphere - another crucial aspect of our efforts to ensure peace, economic development, and regional stability. In the past, U.S. humanitarian demining contributions for Central America were directed to the Organization of American States (OAS) to fund various programs throughout Central America. Of the regional work that remains, most is in Nicaragua, where Front Number Five has been opened in Siuna (in the North Atlantic Autonomous Region, or RAAN). Since initiating operations in June 2000, the unit has located and destroyed a total of 1,016 mines and 2,028 pieces of unexploded ordnance while clearing 75,874 square meters of mined area and removed some 14,541 metallic objects determined not to be mines. Additionally, the U.S. Government is funding the continuation of a canine mine detection program throughout Central America. FY 2003 funds will continue to support clearance in the RAAN and mine detection dog operations. Additional information on these activities can be found under OAS/IADB Central America Demining in this section.

Panama
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
DA	3,700	4,500	7,000
ESF	998	4,000	3,500
FMF	0	0	1,000
IMET	131	170	200
INCLE	1,363	5,000	9,000
Peace Corps	2,021	2,076	2,110

Panama remains important to U.S. national interests following the transfer of the Panama Canal on December 31, 1999. The United States continues to be concerned about the secure operation of the Canal. The Colon Free Zone is the largest free trade zone in the Hemisphere, and Panama is a major overseas financial center. Panama's strategic location between South and North America makes it a crossroads for international commerce, but also a center for illegal activity such as drug trafficking, money laundering, trafficking in arms, and illegal immigration. Panama is affected by Colombia's civil conflict, including refugees and armed incursions by insurgents. The United States must continue cooperative efforts with Panamanian law enforcement and other government and non-governmental entities to counter transnational crime and help address the effects of the Colombian conflict, while working with the Government of Panama (GOP) to help assure the security and smooth operation of the Panama Canal.

The United States will continue cooperative programs aimed at interdicting the illegal flow of drugs, arms, and persons through Panama. The United States will seek to enhance Panama's ability to combat money laundering and other financial activities that support trans-border crimes and terrorism. The United States will also increase support to Panama's public forces to help manage the impact of Colombia's civil conflict along their shared border.

Through cooperation between USAID, the GOP, and Panamanian NGOs, the United States seeks to promote environmental protection and management policies and programs designed to protect the Canal watershed. The Development Assistance (DA) funds earmarked for this purpose will build domestic institutions capable of managing the Canal watershed, encourage local government and private sector cooperation in environmental management and protection, and increase civic participation in protection of the environment. USAID will continue projects to improve the efficiency and fairness of the system of administration of justice. In FY 2003, democracy/governance projects funded from INCLE and ESF will develop Panama's border area with Colombia to mitigate illicit activities.

Foreign Military Financing (FMF) funding will be used to sustain patrol boats provided through Excess Defense Articles (EDA) and used for search and rescue, territorial waterway patrol, and control and interdiction of illegal immigrants by the National Maritime Service. Also, funding will allow for technical training and airframe maintenance for the National Air Service. In FY 2003, the International Military Education and Training (IMET) program will provide training in the rule of law and human rights. IMET courses in maritime operations will enhance Panama's ability to interdict transnational criminal activity and ensure the safe, continued smooth operation of the Canal.

Panama is again eligible to receive EDA in FY 2003 on a grant basis under Section 516 of the Foreign Assistance Act. Transfer of grant EDA to Panama will bolster Panama's capabilities to provide security for the Canal, secure its maritime borders, and deal with possible spillover from Colombia's civil war. With the withdrawal of U.S. military forces from Panama, the Panamanian Government has assumed full

responsibility for its own national security. Panama's Public Forces (Panama abolished its armed forces in 1990) currently lack adequate equipment maintenance, basic communications gear, and transportation resources. The U.S. Coast Guard has been authorized to offer the Balsam Class Buoy Tender SWEETGUM to Panama under the EDA program.

Paraguay
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
CSD	0	2,525	0
DA	6,320	3,600	6,625
ESF	3,492	3,500	3,500
IMET	238	300	300
Peace Corps	3,157	3,170	3,171

The primary U.S. national interest in Paraguay is the consolidation and strengthening of democracy. Other interests, which depend on progress on democracy, include fighting transnational crime – intellectual property rights violations, drug trafficking, and terrorism – and promoting responsible regional environmental management. Humanitarian interests include promoting public health and sustainable development.

Economic Support Funds (ESF) and Development Assistance (DA) will be used to strengthen democracy, help protect the environment, and improve child and maternal health. Funding will promote democracy by strengthening local governments, encouraging the adoption of national reforms, and supporting civil-military dialogues and a vigorous civil society. Funding also will offer Paraguay assistance in managing key environmental areas and supporting the environmental community in managing regional environmental concerns. DA funds will make family health care more accessible and improve grassroots provision of health services at the community level. ESF will also be used for health education for marginal and rural families. These efforts will help stabilize population growth, improve women’s health, and reduce maternal and infant mortality and other poverty-related problems.

International Military Education and Training (IMET) funds will help promote democracy in Paraguay and regional stability by increasing the professionalism of military personnel and continuing to develop military respect for civilian authority. IMET funds will be used to train Paraguayan officials at various military schools. Anticipated courses include the international officers’ school, civil-military operations, and sustaining democracy. By increasing military professionalism, such training also reduces the likelihood that civilians will seek to involve the military in politics.

Paraguay will be eligible to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Transfer of grant EDA to Paraguay will support our interest in strengthening the Paraguayan military as a democratic institution by continuing to expose it to modern, professional military forces.

Paraguay is a transshipment point for an estimated 40-60 metric tons of cocaine per year, some of which reaches the United States. International Narcotics Control and Law Enforcement (INCLE) funds from a Western Hemisphere regional account will be used for training, technical assistance, and equipment to help Paraguayan officials to further develop their law enforcement capabilities to confront cocaine trafficking and money laundering.

Peru
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
CSD	9,603	23,200	0
DA	28,488	14,173	40,601
ESF	2,203	15,000	10,000
FMF	0	0	1,000
IMET	509	500	600
INCLE	48,000	142,500	135,000
NADR-HD	861	175	175
Peace Corps	0	2,193	1,723
P.L. 480 Title II	40,036	30,805	25,052

The primary U.S. interests in Peru are strengthening democracy and counternarcotics. U.S. interests also require economic development that additionally promotes commercial opportunities for U.S. business and enhances regional stability in the Andes. The inauguration of a new, democratically-elected President and Congress in July 2001 is an important turning point. The United States will support Peru as it takes measures to establish an independent judiciary, root out corruption, reduce poverty and improve the standard of living for its people, promote professionalism in its security forces, and foster alternative development to counter the drug trade.

Peru is one of the largest countries in South America and has a strong bilateral relationship with the United States that spans many issues, from counternarcotics to commercial ties. Peru is a source country for cocaine, and the United States has enjoyed excellent cooperation from the Government of Peru (GOP) in counternarcotics activities, resulting in a 70 percent decline in coca cultivation from 1995 to 2000. International Narcotics Control and Law Enforcement (INCLE) funds will provide training, equipment, and technical assistance to Peruvian government agencies charged with implementing counternarcotics-related programs, including law enforcement programs to disrupt coca and opium poppy cultivation, wholesale purchase, industrial-scale processing, and export of refined coca products. USG alternative economic assistance programs are aimed at providing for the development of local governments, agricultural credit, rural infrastructure (such as roads), improved farming practices and disease control, and access to national and international export markets.

Increased funding will enable the GOP to decrease coca cultivation in several source valleys and to intercept coca movement in both the source and transit zones. Greatly increased funding for alternative development will address both long-term infrastructure building and immediate emergency assistance to generate family income lost to eradication of coca fields. A major program of upgrading aircraft for law enforcement and eradication operations will provide the necessary airlift capability to reach high altitude opium poppy fields and to carry large numbers of personnel to outlying trafficking areas.

The success of alternative development has been amply demonstrated as licit agricultural production in zones targeted for assistance now exceeds the gross value of coca leaf produced in those zones by ten percent. Expansion of this program will help consolidate the gains from eradication and interdiction.

The inauguration of the democratically elected government of Alejandro Toledo, and a renewed commitment to international human rights practices, represent an opportunity for extremely positive change in Peru. Training and technical assistance is needed to help rebuild democratic institutions, to improve administration of justice and rule of law, to strengthen local governments and encourage greater citizen

participation in decision-making, to promote political party building, and to increase civilian control over the military. The United States will also support the work of the Truth and Reconciliation Commission as it investigates allegations of past human rights abuses and corruption. The Economic Support Funds (ESF) and part of Development Assistance (DA) funds are designed to foster these goals.

Peru has successfully dealt over the last several years with Shining Path and MRTA insurgency threats to the country's social and political stability, which date from the 1980s. The MRTA is largely moribund, but Shining Path has maintained small columns of guerrillas in several of Peru's remote mountain jungle valleys where coca is produced. The steep rise in coca prices coupled with the withdrawal of military units and authority from these areas allowed Shining Path to increase its operations during 2001. In October 1998 Peru and Ecuador signed a peace agreement resolving an armed border dispute that continued for over 150 years and last erupted into armed conflict in 1995. Nonproliferation, Anti-terrorism, Demining, and Related Programs (NADR) funds have been used to accelerate demining of the border region and to strengthen efforts by the Organization of American States to develop a pilot program with both Peru and Ecuador. FY 2003 funding is expected to continue to support these efforts.

International Military Education and Training (IMET) funds programs to improve military professionalism and capabilities by providing military and civilian defense professional training that reinforces the principle of civilian rule. Recent steps taken by Peru to depoliticize the armed forces will increase the effectiveness of such programs. Foreign Military Financing (FMF) will also improve the military's capabilities in protecting Peru's borders and promoting regional stability. The FMF funding will provide upgrades to field medical, engineering, and general field support capabilities resulting from Peruvian army restructuring and modernization. This could include water purification systems, tents, field kitchens, field medical and dental equipment, water and fuel bladders, mess equipment, and individual soldier equipment.

Peru will be eligible in FY 2003 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Transfer of grant EDA to Peru serves a key U.S. national interest in assisting the GOP in combating illegal narcotics production and trafficking by providing needed equipment to the Peruvian security forces, which are an integral part of the counterdrug effort.

Peru has experienced four years of economic stagnation as the result of unfavorable El Nino weather conditions, global financial turmoil and recession, and domestic political upheaval. Nonetheless, Peru's economy remains one of the best managed in Latin America and is benefiting from renewed reform efforts aimed at improving the investment climate and completing the privatization of government concessions. The United States is Peru's most important trading partner, with U.S exports to Peru totaling \$2 billion in goods and services annually (approximately 30 percent of all Peruvian imports) and U.S. imports from Peru totaling \$1.9 billion (approximately 27 percent of Peruvian exports). More than 200 U.S. companies are present in Peru, and the stock of U.S. direct foreign investment in Peru exceeds \$4 billion. The United States hopes to resume negotiations on a Bilateral Investment Treaty to further enhance commercial ties.

Despite economic reforms, Peru remains a poor country with 54 percent of its population living in poverty and 15 percent in extreme poverty (i.e., less than \$1/day per capita expenditures). Official unemployment is approximately 10 percent, with 45 percent underemployment. Peru's social indicators (child mortality, HIV/AIDS, education, and literacy) are among the least advanced in Latin America. Election-year spending, combined with the downturn in the global economy, led to larger-than-expected fiscal deficits (3.0 percent of GDP in 2000 and 2.5 percent in 2001). The government is committed to reducing the deficit and has restructured spending in an effort to create jobs, fight poverty, and improve standards of living.

DA programs also aim to promote broad-based economic growth by providing financial and technical assistance to Peruvian public and private sector organizations to improve market systems and economic institutions, expand human capacity through education and training, improve food security, and expand

employment opportunities for the poor. DA funds promote economic growth through food assistance to alleviate malnutrition; micro-credit loans to create jobs and improve living standards; and technical assistance and training to increase agricultural and enterprise productivity. Through family planning activities funded by DA, the United States will help provide individuals and couples with information and services that promote their health and contribute to a healthy population, as well as provide technical assistance and training to diagnose, treat, and contain infectious diseases. DA funds provide technical assistance and training for the provision of integrated health care services to mothers and children, including child spacing, prenatal care, prevention and management of sexually transmitted diseases, and safe motherhood.

Uncontrolled urbanization, industrial pollution, and wide-spread poverty threaten Peru's natural resource base, one of the world's richest and largest. DA-funded programs help to improve Peru's environmental legal framework and promote pollution prevention practices. DA money also provides technical support for environmental protection training, waste management, and protection of national parks.

Peru-Ecuador Peace
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
ESF	6,985	5,000	4,500

In October 1998, Ecuador and Peru ended their 150-year-old border dispute, which led to war twice in the last 20 years. Consolidation of the Peru-Ecuador peace agreement will enhance regional stability and allow the countries to develop a new attitude of trust. It will further allow both countries to focus their efforts on stopping illicit production of cocaine, combating drug transit, and shipping of precursor chemicals.

The United States has assisted in demarcating and demining the formerly disputed area through the use of Nonproliferation, Anti-terrorism, Demining, and Related Programs (NADR) funds. These funds are also being used to support efforts by the Organization of American States to develop a pilot program with both Peru and Ecuador. With U.S. assistance, Ecuadorian humanitarian demining has evolved into a sustained and successful effort. Several hundred army engineers have been trained and equipped, and several thousand mines have been removed from areas along the border with Peru.

Over the long term, the United States is helping to promote the Ecuador-Peru peace through the use of Economic Support Funds (ESF) to help implement the border integration portion of the peace settlement, thus increasing stability and mitigating conflict through bi-national coordination and cooperation. FY 2003 ESF-funded activities will build on previous year efforts that focused on microenterprise lending, public health infrastructure, local government training, and natural resource management in the border region.

Suriname
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
FMF	0	150	250
IMET	107	110	150
Peace Corps	744	794	765

The principal U.S. interests in Suriname are maintaining a stable democracy, combating the flow of illegal drugs and migrants to the United States, and ensuring economic opportunity for both Surinamese and American investors. The United States also encourages protection of the country's large rain forest, which has an important role to play in preserving the global environment.

The Suriname military suffers from a lack of resources, including food and clothing for its soldiers, equipment and materials needed for training a force properly, and parts and fuel for operating mission-essential equipment. The United States will use its FY 2003 Foreign Military Financing (FMF) funds to support deployment of U.S. mobile training teams to support organizational restructuring of the Infantry and Special Forces battalion, along with medical, logistics, and staff officer training. Other uses of FMF funds include supporting small patrol craft, vehicle maintenance, and troop support in the form of uniforms and boots.

The United States will use its International Military Education and Training (IMET) funds for projects that promote civilian control of the Surinamese armed forces, increase military professionalism, and expose Surinamese military personnel to U.S. norms and values with respect to the appropriate military role in democratic society. Suriname lacks a training infrastructure for developing military leaders. There are no domestic training opportunities available for military officers in Suriname, who therefore must rely on professional development courses acquired from foreign countries (historically Brazil, China, France, and India, as well as the United States). A recent agreement with the Dutch intends to re-establish military cooperation.

The United States will work aggressively to help the Government of Suriname professionally develop and sustain its recently acquired counterdrug assets. The focus remains promotion of in-country training opportunities (in lieu of promoting Stateside course attendance) to increase the number of Surinamese military personnel who can be trained.

Suriname will be eligible in FY 2003 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Transfer of grant EDA to Suriname will assist the Surinamese military in developing and sustaining a viable counter-drug capability, as well as combating migrant and arms smuggling.

Trinidad and Tobago
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
FMF	300	300	400
IMET	122	135	150

Trinidad and Tobago's economy is dominated by a growing oil and natural gas sector, including related downstream petrochemical industries, although the Government of Trinidad and Tobago (GOTT) is actively pursuing diversification. The United States is the leading exporter to and investor in Trinidad and Tobago. The U.S. Embassy is encouraging the GOTT to play a more active role in the Free Trade Area of the Americas and within the Caribbean Community (CARICOM) on trade matters. Other U.S. goals include further liberalization of the civil aviation, telecommunications, and financial services sectors that will encourage present and future U.S. investment. U.S. personnel are working with the GOTT to ensure fairness and transparency in acquisitions and awarding of bids for public projects. The United States continues to monitor the GOTT's level of enforcement of intellectual property rights. The GOTT is committed to free trade and a positive investment climate.

The United States and Trinidad and Tobago have an exceptionally cooperative relationship in combating crime, and Trinidad and Tobago is a strong and capable counter-narcotics partner in the Caribbean. Trinidad and Tobago's proximity to South America makes it a convenient transshipment point for narcotics headed to the United States. With U.S. assistance, the GOTT has identified and prosecuted major drug traffickers, seized narcotics-related assets, and charged individuals with money laundering. The Embassy is helping Trinidad and Tobago address problem areas in the judicial process by providing technical assistance and training to the police in criminal investigations, tourism policing, and document fraud. An Internal Revenue Service team is helping the Board of Inland Revenue modernize tax collection procedures. The United States has donated equipment (three 82-foot patrol boats, two C-26, and two Piper-Navajo aircraft) to improve the country's air and sea surveillance against narcotics traffickers.

Foreign Military Financing (FMF) funds will contribute to preventative maintenance and improvement of the maritime drug interdiction capability of the Trinidad and Tobago Defense forces. Trinidad and Tobago is focusing renewed attention on its coast guard fleet and will be overhauling four 82-foot cutters. FY 2003 FMF funds will help establish an aggressive preventative maintenance program to sustain the GOTT's maritime fleet used to combat transnational crime.

The International Military Education and Training (IMET) program provides U.S. training in civil-military affairs to help reinforce civilian control of the military and the principles of human rights. Officer training assists in professionalizing the military, while training in logistics, maintenance, and equipment repairs helps maintain the technical proficiencies of the armed forces.

Trinidad and Tobago will be eligible in FY 2003 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Provision of grant EDA will be used to support CARICOM's role as a stabilizing force in the Caribbean through active involvement in peacekeeping operations, search-and-rescue missions, disaster relief, and counternarcotics operations. EDA will also aid in enhancing interoperability in U.S.-Caribbean joint exercises.

Uruguay
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
FMF	0	1,000	1,000
IMET	398	415	450

U.S. national interests in Uruguay include promoting democracy by strengthening the Uruguayan military as a democratic institution, and addressing global issues by helping Uruguay fight narcotics trafficking and international crime and by encouraging Uruguay's participation in UN peacekeeping efforts. Although the Administration is not seeking funds for this effort in Foreign Operations, we will also promote our national interest in economic prosperity by ensuring that Uruguay's market is open to U.S. exports and by encouraging Uruguay's participation in the Free Trade Area of the Americas process to open regional markets to U.S. exports.

The requested International Military Education and Training (IMET) funding will promote regional stability by strengthening the Uruguayan military as a democratic institution. Participation by civilian and military officers in the Center for Hemispheric Defense Studies and the IMET program will help improve civil-military relations, rationalize the defense policy planning process, make it increasingly transparent, build civilian expertise in defense matters, and inculcate the principles of human rights in the future generation of military leaders. Attendance of mid to senior grade officers and non-commissioned officers at professional development courses will facilitate the modernization and professionalism of the armed forces. Technical and logistics training will help Uruguay maintain and manage its defense resources, improving their ability to operate with U.S. and international forces in peacekeeping operations, disaster relief missions, and other joint operations.

Foreign Military Financing (FMF) for Uruguay from Conflict Prevention and Response funds will be used to support Uruguay's efforts in international peacekeeping.

Uruguay will be eligible in FY 2003 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Transfer of grant EDA to Uruguay will support U.S. interest in wide-spread participation in international peacekeeping efforts by increasing the interoperability of Uruguayan and other peacekeeping units. To the extent that it reinforces Uruguay's existing participation in peacekeeping efforts, transfer of EDA will also strengthen the Uruguayan military as a democratic institution by continuing to expose it to modern, professional military forces. EDA may also be used to modernize Uruguayan equipment.

International Narcotics Control and Law Enforcement (INCLE) funds from Western Hemisphere regional funds will help fight illegal drugs and international crime. The funds will be used for training to improve the professionalism of police units, for contraband detection efforts, and for providing equipment and training for nascent money laundering detection and investigation units. The funds will also be used for domestic demand reduction projects, such as public awareness campaigns, outreach programs for high-risk children, and health care training, and for equipment to improve the effectiveness of investigation and prosecution of major criminals.

Venezuela
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
ESF	0	500	500
IMET	485	500	700
INCLE	1,200	5,000	8,000

As a leading supplier of foreign oil to the United States and host to considerable U.S. energy sector investment, and as an important part of the Andean region, Venezuela represents a significant challenge and opportunity for U.S. foreign policy, with important national interests at stake. As with the other Andean countries, none of Venezuela's challenges - strengthening democracy, fostering economic development, combating narcotics trafficking, or fighting terrorism - can be addressed in isolation.

International Narcotics Control and Law Enforcement (INCLE) and Economic Support Fund (ESF) programs will concentrate on cooperation on counternarcotics and judicial reform.

The United States will monitor Venezuelan relations with Colombia and the border disputes between Venezuela and its neighbors, using diplomatic resources to help ameliorate any potential disagreement. In FY 2003, International Military Education and Training (IMET) will seek to continue maintaining military links and providing important training to the military, including training on human rights. Venezuela will be eligible in FY 2003 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. The provision of EDA will be used to promote interoperability and modernization of equipment.

Venezuela has implemented a far-reaching judicial reform program that includes widespread personnel changes in the judiciary. Much remains to be done in training law enforcement and judicial authorities on their new roles and responsibilities. The United States will continue its support for transition from the old judicial system to the new, including training of judicial personnel and training in national and international organized crime investigations. Venezuela is a major transshipment route for illegal drugs destined for the United States. INCLE funds will help improve the Government of Venezuela (GOV) interdiction and eradication efforts, combat international money laundering activities, and improve controls to prevent diversion of essential and precursor chemicals.

The United States will continue to work with Venezuela to strengthen democratic institutions through ESF-funded initiatives and promote the rule of law and respect for human rights.

Venezuela's economy in early 2002 is facing considerable difficulties. Low oil prices have significantly decreased GOV revenues. The Venezuelan economy is not likely to grow this year and may even contract. The GOV will need to close a significant budget deficit possibly as high as six percent of GDP. Unemployment is growing, as is the informal sector of the economy. Though foreign exchange reserves appear to be sufficient in the near term, there is growing concern that increasing capital flight might lead to capital controls or devaluation. Venezuela now continues to face the challenges of creating favorable conditions for investment and maintaining economic growth through the up-and-down cycles of the global oil market. We will continue to advocate U.S. commercial interests and encourage broad-based growth through continued economic reform, including economic diversification and reduced spending on nonproductive activities. Depending on GOV political will, it may also be possible to offer support to the U.S. investor community in Venezuela through resumption of negotiations on a bilateral investment treaty.

Administration of Justice/ICITAP
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
ESF	6,985	10,000	11,000

Regional activities to strengthen the rule of law, with a special emphasis on police reform, help achieve U.S. interests in the areas of democracy, law enforcement, and human rights. The development of strong civilian police organizations that work effectively with prosecutors and other actors in the criminal justice system enable countries to establish and protect the rule of law, provide for their own public security, and cooperate more effectively with U.S. law enforcement agencies in international matters.

Police reform activities in the Western Hemisphere promote the organizational development of civilian police agencies. The International Criminal Investigation and Technical Assistance Program (ICITAP) provides support in three basic areas of police work – investigative and forensic development, police management, and police academy curriculum development – and aims to engage selected law enforcement units or entire agencies in the formulation and implementation of long-term institutional development plans. In countries where new police organizational laws either have or will be approved, general technical advice and other assistance is provided for development of an appropriate overall management structure. In other countries, the primary focus is the development of effective investigative units or divisions capable of supporting the new criminal procedure codes that are being adopted throughout Latin America. Another focus is the development of forensic laboratories, as well as an understanding by all participants in the criminal justice process of the value of physical evidence. Assistance is provided to other police agencies to develop their own training programs in basic and specialized areas, such as criminal investigation and for supervisory and executive level personnel.

Other regional activities to support the development of the rule of law – such as the Justice Studies Center of the Americas, an initiative of the Summit of the Americas – are also supported through this account. The Justice Studies Center, located in Santiago, Chile, is just beginning its work as a clearinghouse of information and expertise on justice sector reform, with an initial focus on criminal justice. With support from all 34 democratic governments in the hemisphere, it is expected to provide important new impetus for the consolidation of reforms that have been started but may not be successfully concluded without the benefit of comparative analysis and peer pressure from throughout the region.

For FY 2003, funding is needed to continue programs underway in El Salvador, Guatemala, Honduras, and Nicaragua, as well as for the Justice Studies Center. Political and legislative developments permitting, it is possible that programs would also be initiated in Argentina, Venezuela, Ecuador, the Dominican Republic, and the English Caribbean.

OAS/IADB Central America Demining
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
NADR-HD	1,350	1,250	1,100

The global U.S. Humanitarian Demining Program - funded through Nonproliferation, Anti-terrorism, Demining, and Related Programs (NADR) - seeks to relieve human suffering, to promote national and regional stability, and to foster economic development by returning mined land to economic utility. During the Central American conflicts of the 1980s and early 1990s, thousands of mines were laid throughout the region threatening human life and providing a dangerous impediment to regional development.

U.S. humanitarian demining assistance for Central America is provided to the Organization of American States (OAS) and the Inter-American Defense Board (IADB) for the Assistance Mission for Mine Clearance in Central America (MARMINCA). MARMINCA currently operates in Costa Rica, Guatemala, Honduras, and Nicaragua. U.S. assistance emphasizes humanitarian demining training and mine awareness support. NADR demining funds provide equipment and other material support to MARMINCA, while the Department of Defense provides personnel who train, advise, and assist on technical and logistical matters and provide limited medical and communications support to MARMINCA.

Recently, U.S. assistance has supported the development of a new demining initiative in northeast Nicaragua (Front Number Five in Suina). NADR funds also continue to support the integration of mine detection dogs in humanitarian demining operations throughout Central America.

Third Border Initiative
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
ESF	0	0	3,000

The Caribbean is a region of roughly 21 million people with tremendous potential to affect U.S. domestic interests. The United States and the Caribbean are closely linked by travel and immigration: each year millions of Americans visit the Caribbean, while tens of thousands of Caribbean immigrants arrive in the United States. The region is a major market for U.S. exports and investment. Moreover, the democratic Caribbean countries hold 14 votes in the Organization of American States and are important partners in addressing hemispheric challenges.

The nations of the Caribbean are particularly vulnerable. They are small, insular economies with limited ability to diversify production and thus highly sensitive to adverse global economic conditions. In addition, they are environmentally fragile and share a propensity for hurricanes and natural disasters.

A decline in the Caribbean's political and economic stability would have a direct impact upon the United States – heightening the region's vulnerability to be used as a platform for unlawful activities directed against the United States, particularly drug trafficking, financial crimes, and illegal immigration. A faltering regional economy or a rejection of free markets would hamper the demand for U.S. goods and services and jeopardize U.S. investments. Deteriorating governmental capabilities would also jeopardize the security of Americans visiting or traveling in the region. To strengthen the capabilities of Caribbean institutions to address economic, environmental, political, and societal problems and mitigate or prevent their spillover on the United States, the U.S. Government has developed the Third Border Initiative (TBI).

TBI will supplement our bilateral assistance to the 14 Caribbean Community countries, plus the Dominican Republic and Haiti. A prime example of this support is USAID's HIV/AIDS program. A total of \$22.6 million in HIV/AIDS funding is requested – \$11.6 million under USAID's bilateral Development Assistance (DA) program plus another \$11 million from regional DA, the Economic Support Fund (ESF), and the Global Health fund. The USG programs will fund a multi-faceted Caribbean regional approach that supports prevention and education initiatives targeting youth and other high-risk groups. The epidemic is a leading cause of death among adults in the Caribbean, and retarding its transmission clearly serves U.S. interests. Haiti, The Bahamas, Guyana, and the Dominican Republic, which have significant immigrant communities in the U.S. and/or are important tourist destinations, have prevalence rates higher than many sub-Saharan African countries. Moreover, the Caribbean program will also be eligible for funding from the AID-supported, multinational Global Fund to Fight AIDS, Tuberculosis, and Malaria.

In FY 2003 DA and ESF will be used to support technical assistance in preparation for the conclusion in 2005 of the Free Trade Agreement of the Americas (FTAA). A key regional U.S. objective is to eliminate barriers to foreign investment and trade and to encourage the nations of the Caribbean to participate productively in the FTAA and the World Trade Organization (WTO). The United States will fund Caribbean-specific FTAA- and WTO-related analytical studies on the policy implications and benefits of FTAA provisions.

The United States will also assist the Caribbean to prepare for the competitive global economy by helping upgrade the region's educational training capabilities. DA funds will continue support (begun in FY 2002) for a Caribbean-based "Center for Excellence" to advance teacher training throughout the region and promote greater use of technological resources. In addition, the United States will provide scholarships and internships to foster greater exposure to entrepreneurship.

ESF from our Third Border Initiative will be used to help Caribbean airports modernize their safety and security regulations, an important step in enhancing the security of visiting Americans and helping the region's vital tourist industry. The United States will also assist Caribbean organizations to improve their environmental management – such as strengthening protections over coral reefs and combating land-based pollution – to maintain tourist interest in the region and promote sustainable development. In addition, the United States will help Caribbean governments prepare for natural disasters, such as frequently occurring hurricanes. DA funds will be used to support health, economic development, environment, democracy, and educational programs in the eastern Caribbean nations as well as regional environmental and economic development programs.

International Narcotics Control and Law Enforcement (INCLE) funds will be used to provide Caribbean governments with law enforcement assistance by funding advisors and technical assistance to strengthen capabilities against money laundering, asset forfeiture, and corruption.

WHA Conflict Prevention and Response
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
FMF	0	3,000	5,000

U.S. national interests are served by having available, within Latin America and the Caribbean, well-trained professional military forces with the capability to assist and support the United States, the United Nations, and other international actors in responding to crises and conflicts throughout the world. A number of Western Hemisphere countries have demonstrated a willingness to respond to such calls. Assuring that those willing to respond have the both the capability and interoperability to cooperate effectively in international settings is in the U.S. interest.

The FY 2003 request for Foreign Military Financing (FMF) in regional Conflict Prevention and Response funds will provide specific types of assistance to several of the region's militaries that have provided personnel for various international peacekeeping missions and enhance their capacity to respond to natural disasters and humanitarian crises.

In FY 2003, the United States will seek to provide support to the following countries:

- Argentina - \$2 million. Argentina is extremely proud of its participation in peacekeeping operations worldwide. The Argentine military currently has personnel deployed on UN peacekeeping operations. Such continual, rotating deployments are hard on individual and unit equipment. A portion of the requested funds will be used to defray these costs. Funds will also be used for replacement of medical equipment and supplies and for replacement of individual optical equipment (binoculars, night-vision equipment, and laser range finders). Finally, requested funds will be used for professional military training and for upgrading and obtaining new equipment at the Argentine Joint Peacekeeping Training Center, which provides a regional training platform.
- Bolivia - \$1 million. Observers from the Bolivian Army have participated in peacekeeping operations in Kuwait, Cyprus, Guatemala, Kosovo, Sierra Leone, the Congo, and East Timor. A 70-man Bolivian Army element was deployed from May until December 1999 in Angola as part of the UN peacekeeping contingent in that country. Bolivia has also offered a "stand-by" unit to the UN's ready peacekeeping force. However, such UN-certified units must be self-sustaining for a period of sixty days. As one of the poorest countries in the Hemisphere, meeting and sustaining that standard will be difficult for Bolivia. Without significant U.S. encouragement and assistance, Bolivia may be compelled to reduce its commitment to peacekeeping. FMF support will assist the Bolivia in overcoming serious shortcomings in training, equipment, and logistical support.
- Chile - \$1 million. The Government of Chile currently has personnel in East Timor and another 4,000 on stand-by to deploy worldwide on peacekeeping operations. These funds will provide needed equipment to their armed forces participating in peacekeeping operations.
- Uruguay - \$1 million. Per capita, Uruguay contributes more personnel to peacekeeping missions than any other nation. Sixty percent of the Uruguayan Army (UYAR) has participated in peacekeeping missions. The UYAR has offered up a "stand-by" battalion to the UN for peacekeeping missions. This heavy usage has resulted in excessive wear to individual and unit equipment. Requested FMF funds will assist in the upgrade of the Uruguayan armed forces to help make it possible for them to participate in future operations.

WHA Regional Stability
(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
FMF	0	0	4,000

Foreign Military Financing (FMF) in Regional Stability funds addresses security implications of the primary U.S. interest in the region: stemming the cultivation and production of coca and opium poppy and interdicting the trafficking of cocaine and heroin between the Andean region and the United States. Professional, well-equipped, and trained militaries capable of defending their borders and preventing Colombia's drug production and insurgency from "spilling over" into the rest of the region serve U.S. interests by preserving the region's fragile democracies and ensuring stability in an important region. U.S. interests and the cause of democracy are also served by the strengthening of professional militaries under civilian control.

Colombian and U.S. efforts to stem the explosion of coca production in southern Colombia and to interdict trafficking, coupled with the activities of well-armed, well-financed Colombian armed illegal groups, will put tremendous pressure on the remote border regions of surrounding countries. The task of defending these regions and ensuring against the threat of "spill-over" will fall to the neighbors' poorly-equipped, under-trained militaries. The fact that several of these countries are among the poorest in the hemisphere, with the most fragile democracies, only serves to exacerbate the strain. All of these countries have severe force modernization and replenishment needs that have gone unmet as a result of financial crises and declining military budgets.

The FMF funds requested for FY 2003 will be used to meet some of these security needs in Bolivia, Ecuador, Panama, and Peru. This funding will be used to complement the funding from the Andean Regional Initiative - with its counternarcotics focus - by seeking to meet pressing security needs for force modernization, training, and equipment, the traditional needs of any military facing an expanded mission. In Bolivia, the focus will continue to be on the Army's new 9th Division, which will conduct presence operations in the volatile Chapare region. In Ecuador, the focus will be on training and modernizing the forces tasked to patrol and defend the northern border region. Panamanian police and maritime patrols assigned to protect and defend the remote Darien region and to control Panama's coasts will receive training and navigational equipment. Peru's stretched military will receive training and equipment geared toward sustaining professionalism and maintaining equipment previously provided under FMF.

The addition of a request for Colombia in FY 2003 recognizes the fact that Colombia's ability to protect vital elements of its economic infrastructure is critical to its ability to develop and sustain programs to counter narcotics trafficking and to strengthen and deepen its democracy. FMF funds for FY 2003 will be used to train and equip Colombian military units to protect the Cano-Limon pipeline in northeastern Colombia from the deprecations of the leftist guerrillas who succeeded in shutting the pipeline, a major source of foreign exchange earnings, for 240 days in 2001.

III. SUPPORTING INFORMATION

Arms Control and Nonproliferation Considerations
 Estimating Foreign Military Sales
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 All Spigots Table by Appropriation Account

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Arms Control And Nonproliferation Considerations

Arms transfers continue to be an indispensable U.S. policy instrument for exerting constructive leadership in advancing international peace and security in the post-Cold War era. Military assistance also serves to increase the number of states with democratic political institutions and free market economies. Judiciously used, arms transfers can deter aggression, foster internal and regional stability, strengthen and revitalize mutual security relationships, and demonstrate enduring interest in the security of friends and allies.

The U.S. military assistance program complements U.S. arms control policy of promoting international security through negotiation and support for bilateral, regional, and multilateral agreements and arrangements, and assuring compliance with existing agreements. It also enhances the U.S. ability to limit the proliferation of potentially destabilizing weapons, especially in regions of tension and conflict, by giving countries other means for ensuring their security. As the President's arms transfer policy states, the United States will actively seek greater transparency and responsibility in the area of arms transfers to regions of instability.

There are other new and creative forms of security assistance in the NADR account that act synergistically with our military assistance program to support our arms control and nonproliferation goals and contribute to regional and global stability. The program to destroy small arms and reduce international stockpiles helps control the proliferation of relatively cheap, accessible weapons which exacerbate regional and civil conflicts. The worldwide Nonproliferation and Disarmament Fund and the export control cooperation programs promote bilateral and multilateral efforts to control the spread of missiles, nuclear and chemical/biological weapons, and destabilizing conventional arms transfers.

Carefully structured security assistance programs support U.S. conventional arms transfer policy goals, particularly to preserve regional balances and help allies and friends deter and defend against aggression, and U.S. nonproliferation objectives of curbing the spread of weapons of mass destruction, their delivery systems, and destabilizing conventional arms. By enhancing stability, security assistance programs also help improve prospects for meaningful bilateral and multilateral arms control measures.

The U.S. arms transfer policy requires the careful, case-by-case evaluation of each request for arms in terms of its contributions to foreign policy and national security. The implications on U.S. arms control and nonproliferation objectives of each transfer are essential elements of this evaluation, and each transfer is specifically reviewed for its impact on these objectives. Such a review considers, *inter alia*:

- whether a proposed transfer is consistent with U.S. interests in maintaining or enhancing stability within the region;
- whether the proposed transfer can be absorbed without overburdening the recipient's military support system or financial resources;
- the impact of the proposed transfer on our arms control and nonproliferation goals; and
- whether possible adverse effects of the transfer are offset by positive contributions to U.S. regional security interests and objectives.

When necessary, the reviews draw on the expertise of the Department of State's Arms Control and Nonproliferation Bureaus to assess the impact on arms control and non-proliferation policies and negotiations in these areas. Whenever appropriate, these issues are referred to senior Administration

officials, beginning with those in the Department of State, to ensure that decisions on arms transfers complement and support U.S. national security policies and objectives.

Estimating Foreign Military Sales

Foreign Military Sales (FMS) policies derive from U.S. statutes, Presidential directives, and policies of the Departments of State and Defense. The U.S. offers to sell defense articles and services (including training) under FMS procedures only in response to specific requests from authorized representatives from foreign governments or eligible international organizations.

The following table is in two parts. The first part shows the total dollar value by country of government-to-government FMS Letters of Offer and Acceptance (LOA's) signed in FY 2001, regardless of when the articles and services were or will be delivered.

The second part shows the estimated dollar values projected for FY 2002 and FY 2003. These estimates were derived through:

- a. An analysis of each country's historical FMS sales record (past 10 years).
- b. Development of an adjusted mean plus or minus one standard deviation - based range of likely sales for each country.
- c. In-depth, multi-tiered evaluation of each item contained on individual country lists of potential sales (developed by DSCA Regional Directorates). Each entry is evaluated for:
 - (i) Likelihood of sale, in and of itself, to be made in the year listed.
 - (ii) Likelihood that the sale will go FMS and not Direct Commercial Sales (DCS).
 - (iii) Release considerations, if any, associated with the item and likelihood for approval and a FMS sale after completion of the accompanying thorough, and often lengthy, U.S. Government review process.
 - (iv) A judgement of how essential the listed military equipment of defense service is to the country's defense needs.
 - (v) Whether the country's foreign procurement budget, as a whole, is adequate to fund the listed item in its entirety or possibly, at a lesser amount of quantity and dollars.
 - (vi) Whether the funding required to make the purchase will in fact be approved by the purchasing country's budget process.
- d. Consideration of potential economic and political/military factors over the time frame concerned.

Each phase of the FMS LOA request / offer / acceptance process has many variables that make it difficult to determine exactly when--or even if--a particular sale may occur. Variance of one day in a purchasing country's acceptance of a single significant sales agreement could shift the recording of the transaction from one fiscal year to the next.

Foreign Military Sales & Construction Sales Agreements

(\$ in thousands)

	FY 2001 ACTUAL			ESTIMATED	
	DEFENSE ART/SERV	CONSTR/DESIGN	TOTAL	FY 2002	FY 2003
<u>Africa:</u>					
Benin	145	0	145	300	0
Botswana	1,050	0	1,050	650	844
Central African Rep	4	125	129	0	0
Ethiopia	0	0	0	0	750
Gabon	70	0	70	0	0
Ghana	676	0	676	200	0
Guinea	512	0	512	3,000	0
Kenya	5,964	0	5,964	700	700
Madagascar	0	0	0	0	100
Malawi	0	0	0	50	100
Mali	2,900	0	2,900	50	0
Mozambique	3	135	138	150	0
Namibia	0	0	0	0	50
Nigeria	6,953	0	6,953	3,000	4,500
Senegal	1,880	0	1,880	200	200
South Africa	136	0	136	350	500
Zimbabwe	858	0	858	0	0
Regional Total	21,151	260	21,411	8,650	7,744
<u>Western Hemisphere:</u>					
Antigua-Barbuda*	450	0	450	50	50
Argentina	8,998	415	9,413	5,000	6,000
Bahamas, The	0	0	0	50	150
Barbados*	35	0	35	25	25
Belize	186	0	186	80	100
Bolivia	997	0	997	1,750	2,000
Bolivia – Intl. Narc.	1,259	0	1,259	680	100
Brazil	8,794	0	8,794	8,000	8,000
Canada	99,257	0	99,257	124,900	107,900
Chile	2,608	0	2,608	541,000	2,000
Colombia	16,588	0	16,588	26,700	10,000
Colombia – Intl. Narc.	2,311	0	2,311	0	0
Costa Rica	0	0	0	30	50
Dominica*	120	0	120	60	60
Dominican Republic	515	0	515	400	400
Ecuador	360	0	360	2,610	3,600
Ecuador – Intl. Narc.	135	0	135	150	100
El Salvador	1,643	0	1,643	2,010	1,860
Grenada*	145	0	145	25	25
Guyana	415	0	415	200	200
Honduras	754	0	754	350	750
Jamaica	499	0	499	500	500
Mexico	21,421	0	21,421	10,300	5,500
Panama	82	73	155	500	100
Paraguay	26	0	26	169	50
Peru	3,125	0	3,125	1,125	800
Peru – Intl. Narc.	392	0	392	50	50
St. Kitts and Nevis*	105	0	105	25	25
St. Lucia*	145	0	145	25	25
St. Vincent & Gren.*	105	0	105	25	25
Trinidad & Tobago	244	0	244	150	150
Uruguay	3,528	0	3,528	1,250	1,700
Venezuela	35,624	0	35,624	19,600	20,000
Regional Total	210,866	488	211,354	747,789	172,295

	FY 2001 ACTUAL			ESTIMATED	
	DEFENSE ART/SERV	CONSTR/DESIGN	TOTAL	FY 2002	FY 2003
<u>East Asia & Pacific:</u>					
Australia	162,484	0	162,484	28,600	195,500
Cambodia	325	0	325	150	150
Japan	364,952	0	364,952	256,654	224,690
Laos	254		254	100	100
Malaysia	3,002	0	3,002	7,500	7,500
Mongolia	2,100	0	2,100	2,000	2,200
New Zealand	57,262	0	57,262	5,511	7,336
Philippines	7,131	0	7,131	23,700	16,000
Singapore	656,303	0	656,303	370,000	190,000
South Korea	774,389	0	774,389	3,009,885	1,485,000
Taiwan	270,012	0	270,012	605,000	602,000
Thailand	87,389	0	87,389	84,900	10,250
Regional Total	2,385,602	0	2,385,602	4,394,000	2,740,726
<u>Europe & NIS:</u>					
Albania	2,883	0	2,883	4,650	8,000
Austria	14,287	0	14,287	15,000	16,000
Belgium	85,653	0	85,653	57,000	59,000
Bosnia-Herzegovina	2,510	0	2,510	4,040	4,500
Bulgaria	21,119	0	21,119	10,000	12,000
Croatia	304	0	304	6,200	11,500
Czech Republic	6,839	0	6,839	11,700	12,000
Denmark	47,361	0	47,361	91,500	49,500
Estonia	3,162	0	3,162	6,073	6,500
Finland	89,215	0	89,215	94,048	90,000
France	342,251	0	342,251	3,500	83,000
Georgia	3,929	0	3,929	6,600	9,000
Germany	95,848	0	95,848	173,000	206,000
Greece	811,701	0	811,701	337,000	137,000
Hungary	3,289	0	3,289	9,620	14,250
Ireland	4	0	4	25,000	0
Italy	814,943	0	814,943	126,500	84,500
Kazakhstan	200	0	200	2,750	3,300
Kyrgyzstan	0	0	0	2,000	3,200
Latvia	2,007	0	2,007	4,950	7,000
Lithuania	5,729	0	5,729	17,450	7,500
Luxembourg	391	0	391	675	3,650
Macedonia (FYROM)	16,503	0	16,503	10,000	12,000
Malta	5,922	0	5,922	0	750
Moldova	681	0	681	3,750	2,500
Netherlands	265,596	0	265,596	503,500	307,500
Norway	92,984	0	92,984	149,800	69,500
Poland	26,348	0	26,348	43,931	2,132,000
Portugal	23,596	0	23,596	82,350	51,600
Romania	2,313	0	2,313	32,850	14,000
Slovakia	2,895	0	2,895	8,500	11,000
Slovenia	1,322	0	1,322	4,500	6,000
Spain	63,568	0	63,568	113,200	68,500
Sweden	3,199	0	3,199	6,500	7,500
Switzerland	16,857	0	16,857	17,000	18,000
Turkey	144,486	0	144,486	336,700	281,900
Turkmenistan	0	0	0	700	1,000
Ukraine	3,043	0	3,043	10,990	3,800
United Kingdom	679,826	0	679,826	506,967	180,500
Uzbekistan	1,754	0	1,754	3,200	4,200
Regional Total	3,704,518	0	3,704,518	2,843,694	3,999,650

	FY 2001 ACTUAL			ESTIMATED	
	DEFENSE ART/SERV	CONSTR/DESIGN	TOTAL	FY 2002	FY 2003
<u>Near East & South Asia:</u>					
Algeria	50	0	50	2,800	3,500
Bahrain	129,536	0	129,536	50,000	55,000
Bangladesh	886	0	886	0	0
Egypt	1,720,482	57,587	1,778,069	325,396	850,000
Israel	2,882,074	64,390	2,946,464	549,000	503,000
Jordan	122,331	0	122,331	75,000	75,000
Kuwait	283,540	0	283,540	58,000	71,000
Lebanon	5,457	0	5,457	4,000	4,000
Morocco	8,957	0	8,957	9,000	7,500
Oman	4,160	0	4,160	1,050,000	560
Qatar	32	0	32	3,000	3,000
Saudi Arabia	587,761	0	587,761	781,200	1,693,100
Tajikistan	0	0	0	0	250
Tunisia	1,583	0	1,583	22,200	17,400
United Arab Emirates	147,536	0	147,536	367,364	1,236,700
Yemen	852	0	852	0	0
Regional Total	5,895,237	121,977	6,017,214	3,296,960	4,520,010
<u>Non-Regional:</u>					
Classified Totals (A)	873,745	0	873,745	511,000	764,000
International Org.	43,600	0	43,600	32,310	40,540
Non-Regional Total	917,345	0	917,345	543,310	804,540
Worldwide Total	13,134,720	122,725	13,257,444	11,834,403	12,244,965

Note: Totals May Not Add Due To Rounding.

* These Countries Comprise The Eastern Caribbean. See Eastern Caribbean Programs.

(A) For Further Information, Please See Classified Annex To This Document.

Foreign Military Sales Administrative Costs

The Foreign Military Sales (FMS) program is implemented, for the most part, by the same Department of Defense personnel who work in the military departments and defense agency procurement, logistics support and administrative organizations established to carry out DoD's requirements for procurement and support of weapons, equipment, supplies and services needed by our Army, Navy, Air Force and Marines. A small number of fully dedicated security assistance organizations and personnel are also employed by the military departments and defense agencies in accomplishing the FMS mission. This integration of FMS provides organizational efficiencies and procurement cost economies to both the U.S. and the FMS customer countries.

The Arms Export Control Act (AECA) requires that the costs of implementing FMS be paid by FMS customer countries. To satisfy this requirement, an "administrative surcharge" of two and one-half percent is applied to most FMS cases written on or after June 1, 1999. For cases written before that time, a three percent rate is applied. A five percent rate is applied to non-standard articles and services and supply support arrangements. In addition, a "logistics support charge" of 3.1 percent is applied on certain deliveries of spare parts, equipment modifications, secondary support equipment and supplies. These administrative funds collected from the FMS customer are made available to the military departments and defense agencies to pay for their FMS administrative costs related to such functions as FMS case preparation (including preparation of price and availability estimates/information), sales negotiations, case implementation, procurement, program control, ADP operations, accounting, budgeting and other financial program management. About one-half of the operating costs of overseas Security Assistance Organizations (SAOs) are also financed from FMS administrative funds. DSCA administers an annual budget process to develop estimated funding requirements and establish approved administrative funding levels.

The Foreign Operations, Export Financing and Related Programs Appropriations Act of 2002, P.L. 107-115, included, for FY 2002 only, a ceiling of \$348 million on obligations of FMS administrative funds. All FMS administrative budget obligations and expenditures are from FMS customers' funds that have been collected into the U.S. Treasury in the Foreign Military Sales Trust Fund account. There is no net outlay impact on the U.S. budget from the operations of the FMS administrative budget.

In FY 2003, \$356 million is required. About the same number of work years will be financed in FY 2003 as in FY 2002. DoD's FMS workload is level as indicated by actual sales between FY's 1999-2001 in the \$12-13 billion range, and anticipated sales for FY 2002-2003 also in the \$12 billion range.

The table that follows shows FMS administrative budget amounts for FY's 2001-2003.

Foreign Military Sales Administrative Costs/Workyears
(\$ in millions)

	FY 2001 Actual		FY 2002 Estimate		FY 2003 Request	
	Workyrs	Dollars	Workyrs	Dollars	Workyrs	Dollars
Military Departments	2,653	212.530	2,708	217.436	2,689	219.522
Other Defense Activities	662	103.431	616	106.705	603	112.348
Overseas (Net)	356	24.039	347	23.859	329	24.130
Total	3,671	340.000	3,671	348.000	3,621	356.000

Overseas Military Program Management

United States military personnel are assigned to Security Assistance Organizations (SAOs) overseas to ensure effective planning and management of host country security assistance programs. These individuals, along with U.S. civilians and local national civilians serve under the direction and supervision of the Chiefs of U.S. Diplomatic Missions. The SAO provides liaison among the Mission, the Department of Defense, and the host country defense establishment in security assistance matters.

SAO personnel work closely with members of the host country defense establishment to develop and execute training programs and to accomplish realistic and effective procurement actions. These efforts are key to the development of a defense infrastructure capable of integrating weapons and support systems into the existing force structure. Professional exchanges and cooperative planning contribute to effective and efficient country security assistance programs.

The Department of Defense reviews staffing authorizations in coordination with the Department of State, the Chiefs of U.S. Diplomatic Missions, and the regional area military Commanders-in-Chief to ensure that SAOs are properly staffed to conduct their missions efficiently. These reviews have resulted in realigning SAO personnel to meet new mission requirements while reducing the total SAO personnel authorizations from 640 (Actual for FY 2000) to 625 (Actual for FY 2001).

In FY 2002, separate SAOs will be assigned to seventy-three countries. In thirty-seven additional countries, programs will be administered by augmentation personnel assigned to carry out security assistance management functions under the supervision of the Defense Attaché or other Mission staff. In other countries with which the U.S. maintains a security assistance relationship, Defense Attaches and other Mission personnel manage the programs without augmentation personnel.

The following tables identify the security assistance authorized staffing levels and associated costs at the conclusion of FY 2001 and the estimated levels for FY 2002 and FY 2003. Actual assigned strengths for FY 2002 and FY 2003 may be less than the authorized levels shown. Staffing requirements may change as individual country programs develop.

U.S. SECURITY ASSISTANCE ORGANIZATIONS

DAO	Defense Attaché Office
JUSMAG	Joint U.S. Military Assistance Group
JUSMAG-K	Joint U.S. Military Affairs Group - Korea
KUSLO	Kenya U.S. Liaison Office
MAP	Military Assistance Program
MDAO	Mutual Defense Assistance Office
NLO	Navy Liaison Office
ODC	Office of Defense Cooperation
ODR	Office of Representative
ODRP	Office of Defense Representative - Pakistan
OMC	Office of Military Cooperation
OMC-K	Office of Military Cooperation - Kuwait
SAO	Security Assistance Office
USLO	U.S. Liaison Office
USMAAG	U.S. Military Assistance Advisory Group
USMILGP	U.S. Military Group
USMLO	U.S. Military Liaison Office
USMTM	U.S. Military Training Mission

The table above is a glossary of Organizations assigned to U.S. Diplomatic Missions overseas that manage host country security assistance programs:

Overseas Military Program Management – Costs
(\$ in thousands)

ORG.	FY 2001 Actual			FY 2002 Estimate			FY 2003 Request			
	FMF	FMS	TOTAL	FMF	FMS	TOTAL	FMF	FMS	TOTAL	
<u>Africa:</u>										
Angola	DAO	9	0	9	12	0	12	11	2	13
Benin	EMBASSY	64	0	64	83	0	83	90	0	90
Botswana	ODC	277	69	346	253	63	317	267	67	334
Cameroon	DAO	5	1	5	5	1	5	7	1	7
Cape Verde	EMBASSY	9	0	9	11	0	11	18	0	18
Chad	DAO	37	9	47	36	9	46	44	11	55
Cote d'Ivoire	DAO	9	1	10	10	1	12	13	1	14
Djibouti	USLO	360	0	360	361	0	361	382	0	382
Eritrea	USLO	237	0	237	228	0	228	267	0	267
Ethiopia	DAO	73	49	122	34	23	56	59	39	98
Gabon	EMBASSY	6	0	6	7	0	7	16	0	16
Ghana	EMBASSY	47	5	52	46	5	51	69	8	77
Guinea	DAO	5	1	6	7	1	7	14	2	16
Kenya	KUSLO	287	287	575	353	353	706	440	293	734
Lesotho	EMBASSY	9	0	9	11	0	11	13	0	13
Madagascar	EMBASSY	10	0	10	33	0	33	33	0	33
Malawi	DAO	41	10	52	44	11	55	75	19	94
Mali	DAO	9	0	9	11	0	11	14	0	14
Mozambique	DAO	9	0	9	9	1	11	17	3	20
Namibia	EMBASSY	44	11	55	30	7	37	65	16	82
Niger	EMBASSY	51	0	51	43	0	43	47	0	47
Nigeria	USLO	308	132	440	359	154	512	405	135	539
Rwanda	DAO	35	4	39	37	4	41	57	6	64
Sao Tome & Principe	EMBASSY	6	0	6	6	0	6	15	0	15
Senegal	DAO	261	51	311	300	58	358	305	59	365
Seychelles	EMBASSY	11	0	11	20	0	20	25	0	25
South Africa	ODC	270	30	300	324	36	360	334	37	371
Tanzania	EMBASSY	21	0	21	10	1	12	19	2	21
Uganda	EMBASSY	16	0	16	12	0	12	14	0	14
Zambia	EMBASSY	15	0	15	12	0	12	15	0	15
Zimbabwe	DAO	13	2	15	10	1	12	12	1	13
Regional Total		2,555	662	3,218	2,716	729	3,445	3,161	703	3,863
<u>Western Hemisphere:</u>										
Argentina	USMILGP	334	111	445	339	113	452	347	116	463
Bahamas	USNLO	19	2	21	37	4	41	46	5	51
Belize	USMLO	271	146	417	193	104	296	211	89	299
Bolivia	USMILGP	478	205	683	487	209	696	521	223	744
Brazil	USMLO	268	151	419	236	133	369	238	128	367
Canada	DAO	0	66	66	0	66	66	0	67	67
Chile	USMILGP	192	82	274	203	87	291	214	92	306
Colombia	USMILGP	494	165	658	469	156	625	534	178	712
Costa Rica	ODR	183	61	243	186	62	248	181	60	241
Dominican Republic	MAAG	194	104	298	202	109	310	240	80	321
Eastern Caribbean	USMLO	364	91	455	371	93	464	355	89	444
Ecuador	USMILGP	260	112	372	293	126	419	295	126	421
El Salvador	USMILGP	525	131	656	543	136	679	545	136	681
Guatemala	USMILGP	196	0	196	195	0	195	209	0	209
Guyana	USMLO	29	2	30	39	2	41	40	2	42
Haiti	USMLO	602	0	602	566	0	566	523	0	523

	ORG.	FY 2001 Actual			FY 2002 Estimate			FY 2003 Request		
		FMF	FMS	TOTAL	FMF	FMS	TOTAL	FMF	FMS	TOTAL
<u>Western Hemisphere Con't:</u>										
Honduras	USMILGP	231	124	355	270	145	415	314	135	449
Jamaica	USMLO	201	164	365	208	170	378	233	155	389
Mexico	DAO	265	217	482	295	241	536	368	246	614
Nicaragua	DAO	0	0	0	7	0	7	10	1	11
Panama	ODC	102	44	146	111	47	158	128	43	170
Paraguay	ODC	156	16	172	153	16	169	183	20	204
Peru	MAAG	466	25	490	474	25	499	466	25	491
Suriname	DAO	8	0	8	19	0	19	11	0	11
Trinidad & Tobago	USMLO	31	0	31	53	0	53	59	0	59
Uruguay	ODC	186	100	286	187	100	287	195	105	300
Venezuela	USMILGP	336	112	448	587	196	783	541	180	722
Regional Total		6,389	2,231	8,619	6,722	2,340	9,062	7,009	2,301	9,310
<u>East Asia & Pacific:</u>										
Australia	ODC	146	119	265	167	137	304	164	151	315
Cambodia	DAO	30	20	50	37	25	62	42	28	69
Fiji	DAO	25	6	31	27	7	34	24	6	30
Indonesia	DAO	263	66	329	281	121	402	307	132	439
Japan	MDAO	133	972	1,105	173	979	1,152	204	931	1,135
Malaysia	DAO	241	130	370	285	140	425	346	148	494
Mauritius	EMBASSY	8	0	8	18	0	18	18	0	18
Mongolia	DAO	92	0	92	198	0	198	183	0	183
New Zealand	DAO	0	30	30	0	63	63	0	70	70
Philippines	JUSMAG	216	439	655	253	513	766	256	519	775
Singapore	ODC	200	514	714	231	538	769	268	571	839
South Korea	JUSMAG	558	1,186	1,744	634	1,079	1,713	743	1,115	1,858
Thailand	JUSMAG	639	544	1,182	689	459	1,148	729	428	1,157
Vietnam	DAO	38	0	38	53	0	53	45	0	45
Regional Total		2,587	4,027	6,614	3,046	4,061	7,107	3,330	4,098	7,428
<u>Europe & Eurasia:</u>										
Albania	ODC	119	30	149	117	29	146	118	30	148
Armenia	DAO	0	0	0	37	0	37	204	0	204
Austria	ODC	61	184	246	62	186	248	90	168	258
Azerbaijan	DAO	0	0	0	37	0	37	204	0	204
Belarus	DAO	0	0	0	0	0	0	43	0	43
Belgium	ODC	134	248	382	142	264	406	161	242	403
Bosnia	ODC	163	70	233	137	59	196	142	61	203
Bulgaria	ODC	171	73	244	166	89	255	157	85	242
Croatia	ODC	182	61	243	152	65	216	166	71	237
Czech Republic	ODC	213	62	275	267	77	344	246	71	317
Denmark	ODC	44	356	400	76	304	380	103	308	411
Estonia	ODC	97	118	215	78	96	174	79	105	184
Finland	DAO	0	14	14	0	16	16	0	18	18
France	ODC	0	470	470	24	457	481	24	451	475
Georgia	ODC	100	25	125	95	24	119	92	23	115
Germany	ODC	178	533	711	220	513	732	224	523	748
Greece	ODC	786	593	1,380	875	584	1,459	927	699	1,626
Hungary	ODC	162	234	396	190	273	462	219	219	438
Italy	ODC	178	482	660	224	523	747	235	549	784
Kazakhstan	DAO	156	190	346	198	162	360	225	225	450
Kyrgyzstan	DAO	114	140	254	27	33	60	60	73	133
Latvia	DAO	142	70	211	144	56	200	142	70	212
Lithuania	ODC	114	76	191	137	91	228	118	96	214

	ORG.	FY 2001 Actual			FY 2002 Estimate			FY 2003 Request		
		FMF	FMS	TOTAL	FMF	FMS	TOTAL	FMF	FMS	TOTAL
Europe & Eurasia Con't:										
Luxembourg	EMBASSY	1	8	9	1	11	13	1	13	15
Macedonia (FYROM)	ODC	190	81	271	206	88	294	194	83	277
Moldova	ODC	100	11	111	98	42	141	77	51	128
Netherlands	ODC	91	274	366	130	303	433	126	293	418
Norway	ODC	155	104	259	186	124	310	153	102	255
Poland	ODC	363	242	605	388	259	647	365	298	663
Portugal	ODC	494	212	706	525	225	750	532	262	794
Romania	ODC	93	217	310	105	213	318	120	180	299
Russia	DAO	302	0	302	265	0	265	308	0	308
Slovakia	ODC	80	97	177	88	108	196	76	93	169
Slovenia	ODC	132	56	188	135	88	223	112	92	204
Spain	ODC	88	351	439	99	397	497	153	357	510
Sweden	DAO	0	32	32	0	11	11	0	62	62
Switzerland	DAO	0	89	89	0	64	64	0	73	73
Tajikistan	EMBASSY	0	0	0	164	0	164	121	0	121
Turkey	ODC	1,559	1,984	3,543	1,723	2,293	4,016	1,815	2,218	4,032
Turkmenistan	DAO	0	0	0	57	6	63	95	11	105
Ukraine	ODC	219	24	243	251	28	279	248	28	276
United Kingdom	ODC	126	62	187	134	66	200	123	61	184
Uzbekistan	DAO	96	64	160	57	38	96	49	32	81
Regional Total		7,203	7,938	15,141	8,017	8,265	16,282	8,646	8,396	17,042
Near East & South Asia:										
Algeria	DAO	17	0	17	20	0	20	22	0	22
Bahrain	OMC	115	407	521	120	424	544	152	355	507
Bangladesh	DAO	133	57	190	108	46	154	112	48	160
Egypt	OMC	1,487	3,019	4,505	1,467	2,608	4,075	1,726	2,817	4,543
India	DAO	187	10	197	185	33	218	212	53	266
Israel	DAO	0	105	105	0	87	87	0	93	93
Jordan	MAP	246	737	983	279	793	1,072	314	733	1,047
Kuwait	OMC	293	33	326	325	36	361	265	29	294
Lebanon	DAO	400	216	616	439	237	676	485	208	693
Morocco	ODC	602	67	669	621	69	690	627	111	738
Nepal	SAO	169	0	169	144	0	144	100	0	100
Oman	OMC	245	312	557	245	312	558	195	362	556
Pakistan	ODRP	365	41	406	341	38	379	412	46	458
Qatar	USLO	0	465	465	46	418	464	91	363	453
Saudi Arabia	USMTM	0	871	871	0	1,065	1,065	0	1,020	1,020
Sri Lanka	DAO	53	9	63	62	11	72	54	10	63
Tunisia	ODC	399	266	664	373	201	574	388	209	597
United Arab Emirates	USLO	41	779	821	99	722	821	136	770	906
Yemen	DAO	20	17	37	28	23	51	37	16	53
Regional Total		4,773	7,408	12,181	4,902	7,124	12,026	5,330	7,241	12,571
WORLDWIDE TOTAL		23,507	22,266	45,773	25,403	22,519	47,922	27,475	22,738	50,213

NOTE: Totals may not add due to rounding.

Overseas Military Program Management - Personnel Strengths

ORG.	FY 2001 Actual				FY 2002 Estimate				FY 2003 Request				
	MIL	CIV	LOCAL	TOT	MIL	CIV	LOCAL	TOT	MIL	CIV	LOCAL	TOT	
Africa:													
Botswana	ODC	3	0	1	4	3	0	1	4	3	0	1	4
Chad	DAOa/	0	0	1	1	0	0	1	1	0	0	1	1
Djibouti	USLO	1	0	1	2	1	0	1	2	1	0	1	2
Eritrea	USLO	1	0	0	1	1	0	0	1	1	0	0	1
Ethiopia	DAOa/	1	0	0	1	1	0	0	1	1	0	0	1
Ghana	EMBASSYb/	0	1	0	1	0	1	0	1	0	1	0	1
Kenya	KUSLO	4	2	1	7	4	2	1	7	4	2	1	7
Namibia	EMBASSYb/	0	1	0	1	0	1	0	1	0	1	0	1
Niger	ODC	0	0	1	1	0	0	1	1	0	0	1	1
Nigeria	DAOa/	0	0	0	0	2	0	0	2	2	0	0	2
Rwanda	DAOa/	0	0	1	1	0	0	1	1	0	0	1	1
Senegal	ODC	1	0	2	3	1	0	2	3	1	0	2	3
South Africa	ODC	2	0	0	2	2	0	0	2	2	0	0	2
Regional Total		13	4	8	25	15	4	8	27	15	4	8	27
Western Hemisphere:													
Argentina	USMILGP	3	0	2	5	3	0	2	5	3	0	2	5
Barbados	USMLOc/	2	0	0	2	2	0	0	2	2	0	0	2
Belize	USMLO	2	0	0	2	2	0	0	2	2	0	0	2
Bolivia	USMILGP	5	2	2	9	5	2	2	9	5	2	2	9
Brazil	USMLO	4	0	0	4	4	0	0	4	4	0	0	4
Canada	DAOa/	1	0	1	2	1	0	1	2	1	0	1	2
Chile	USMILGP	2	0	2	4	2	0	2	4	2	0	2	4
Colombia	USMILGP	5	0	3	8	5	0	3	8	5	0	3	8
Costa Rica	ODR	1	0	1	2	1	0	1	2	1	0	1	2
Dominican Republic	USMAAG	2	0	0	2	2	0	0	2	2	0	0	2
Ecuador	USMILGP	4	1	3	8	4	1	3	8	4	1	3	8
El Salvador	USMILGP	4	1	2	7	4	1	2	7	4	1	2	7
Guatemala	USMILGP	1	0	1	2	1	0	1	2	1	0	1	2
Guyana	MLO	0	0	0	0	0	0	0	0	0	0	0	0
Haiti	USMLO	3	0	1	4	3	0	1	4	3	0	1	4
Honduras	USMILGP	5	1	4	10	5	1	4	10	5	1	4	10
Jamaica	USMLO	2	0	0	2	2	0	0	2	2	0	0	2
Mexico	DAOa/	3	1	4	8	3	1	4	8	3	1	4	8
Panama	DAOa/	2	0	1	3	2	0	1	3	2	0	1	3
Paraguay	ODC	1	0	1	2	1	0	1	2	1	0	1	2
Peru	MAAG	3	1	5	9	3	1	5	9	3	1	5	9
Trinidad and Tobago	USMLO	0	0	0	0	0	0	0	0	0	0	0	0
Uruguay	ODC	1	0	3	4	1	0	3	4	1	0	3	4
Venezuela	USMILGP	2	1	2	5	2	1	2	5	2	1	2	5
Regional Total		58	8	38	104	58	8	38	104	58	8	38	104
East Asia & Pacific:													
Australia	ODC a/	4	1	1	6	4	1	1	6	4	1	1	6
Bangladesh	DAOa/	1	0	1	2	1	0	1	2	1	0	1	2
Cambodia	DAOa/	1	0	1	2	1	0	1	2	1	0	1	2
Fiji	DAOa/	1	0	1	2	1	0	1	2	1	0	1	2
Indonesia	DAOa/	2	0	4	6	1	0	4	5	1	0	4	5
Japan	MDAO	5	3	6	14	5	3	6	14	5	3	6	14
Malaysia	DAOa/	3	0	5	8	3	0	5	8	3	0	5	8
Mongolia	DAOa/	1	0	1	2	1	0	1	2	1	0	1	2
New Zealand	DAOa/	0	0	0	0	0	0	1	1	0	0	1	1
Philippines	JUSMAG	5	1	4	10	5	1	4	10	5	1	4	10
Singapore	SAO	6	1	3	10	7	0	3	10	7	0	3	10
Sri Lanka	DAOa/	0	0	1	1	0	0	1	1	0	0	1	1
South Korea	JUSMAG-K	17	0	10	27	17	0	10	27	17	0	10	27
Thailand	JUSMAG	16	1	11	28	14	1	11	26	14	1	11	26
Vietnam	DAOa/	0	0	1	1	0	0	1	1	0	0	1	1
Regional Total		62	7	50	119	60	6	51	117	60	6	51	117
Europe and Eurasia:													
Albania	ODC	1	0	0	1	1	0	2	3	1	0	2	3
Armenia	DAOa/	0	0	0	0	0	0	0	0	1	0	0	1
Austria	DAOa/	2	0	0	2	2	0	0	2	2	0	0	2

ORG.	FY 2001 Actual				FY 2002 Estimate				FY 2003 Request				
	MIL	CIV	LOCAL	TOT	MIL	CIV	LOCAL	TOT	MIL	CIV	LOCAL	TOT	
Europe and Eurasia Con't:													
Azerbaijan	DAOa/	0	0	0	0	0	0	0	0	1	0	0	1
Belgium	ODC	1	0	2	3	1	0	2	3	1	0	2	3
Bosnia	ODC	1	0	1	2	1	0	1	2	1	0	1	2
Bulgaria	ODC	2	0	0	2	2	0	0	2	2	0	2	4
Croatia	ODC	1	1	0	2	1	1	0	2	1	1	1	3
Czech Republic	ODC	2	0	2	4	2	0	2	4	3	0	2	5
Denmark	ODC	1	1	2	4	1	1	2	4	1	1	2	4
Estonia	ODC	1	0	0	1	1	0	0	1	2	0	0	2
France	ODC	1	1	3	5	1	1	3	5	1	1	2	4
Georgia	DAOa/	1	0	1	2	1	0	1	2	1	0	2	3
Germany	ODC	5	2	3	10	5	2	3	10	5	1	3	9
Greece	ODC	7	3	8	18	7	3	8	18	7	1	8	16
Hungary	ODC	2	0	1	3	2	0	1	3	2	1	1	4
Italy	ODC	3	1	5	9	3	1	5	9	3	1	4	8
Kazakhstan	DAOa/	2	0	1	3	2	0	1	3	2	0	1	3
Kyrgyzstan	DAOa/	1	1	1	3	1	1	1	3	1	1	1	3
Latvia	ODC	1	0	1	2	1	0	1	2	2	0	2	4
Lithuania	ODC	1	0	1	2	1	0	1	2	2	0	2	4
Macedonia (FYROM)	ODC	2	0	2	4	2	0	2	4	2	0	2	4
Moldova	DAOa/	1	0	1	2	1	0	1	2	1	0	1	2
Netherlands	ODC	2	1	2	5	2	1	2	5	2	1	2	5
Norway	ODC	2	0	1	3	2	0	1	3	1	0	1	2
Poland	ODC	3	0	3	6	3	0	3	6	4	0	3	7
Portugal	ODC	5	1	3	9	5	1	3	9	5	0	3	8
Romania	ODC	1	0	1	2	1	0	1	2	1	0	2	3
Russia	DAOa/	2	0	0	2	2	0	0	2	2	0	0	2
Serbia	DAOa/	0	0	0	0	0	0	0	0	1	0	1	2
Slovakia	ODC	1	0	0	1	1	0	0	1	1	0	2	3
Slovenia	ODC	1	0	1	2	1	0	1	2	1	0	1	2
Spain	ODC	4	2	1	7	4	2	1	7	4	2	1	7
Turkey	ODC	22	4	9	35	22	4	9	35	18	4	5	27
Turkmenistan	DAOa/	1	0	0	1	1	0	0	1	1	0	0	1
Ukraine	ODC	1	0	1	2	1	0	1	2	1	0	2	3
United Kingdom	ODC	2	1	0	3	2	1	0	3	2	1	0	3
Uzbekistan	DAOa/	1	1	1	3	1	1	1	3	1	1	1	3
Regional Total		87	20	58	165	87	20	60	167	90	17	65	172
Near East/South Asia:													
Afghanistan	DAOa/	0	0	0	0	0	0	0	0	1	0	0	1
Bahrain	OMC	6	1	0	7	6	1	0	7	6	1	0	7
Bangladesh	DAOa/	0	0	1	1	1	0	1	2	1	0	1	2
Egypt	OMC	28	8	12	48	28	8	12	48	28	8	12	48
India	DAOa/	1	1	2	4	1	1	2	4	1	1	2	4
Israel	DAOa/	0	1	0	1	0	1	0	1	0	0	1	1
Jordan	MAP	8	2	4	14	8	2	4	14	8	1	4	13
Kuwait	OMC-K	10	2	1	13	10	2	1	13	10	1	1	12
Lebanon	DAOa/	1	0	3	4	1	0	3	4	1	0	3	4
Madagascar	DAOa/	0	0	1	1	0	0	1	1	0	0	1	1
Morocco	ODC	3	1	4	8	3	1	4	8	3	1	3	7
Nepal	SAO	1	0	1	2	1	0	1	2	1	0	1	2
Oman	OMC	5	1	1	7	5	1	1	7	5	1	1	7
Pakistan	ODRP	2	1	3	6	2	1	3	6	2	1	3	6
Qatar	USLO	2	1	0	3	2	1	0	3	2	1	0	3
Saudi Arabia	USMTM	64	2	9	75	63	2	9	74	63	0	8	71
Sri Lanka	DAOa/	0	0	1	1	0	0	1	1	0	0	1	1
Tunisia	ODC	6	1	1	8	6	1	1	8	6	1	1	8
United Arab Emirates	USLO	6	1	1	8	6	1	1	8	6	1	1	8
Yemen	DAOa/	0	0	1	1	0	0	1	1	0	0	1	1
Regional Total		143	23	46	212	143	23	46	212	144	18	45	207
WORLDWIDE TOTAL		363	62	200	625	363	61	203	627	367	53	207	627

- a/ Personnel authorized to assist the DAO with security assistance management functions.
b/ Personnel authorized to assist the Embassy with security assistance management functions.
c/ Manages programs for Eastern Caribbean countries.

Grant Excess Defense Articles

Grant excess defense articles (EDA) enable the United States to meet foreign policy objectives while simultaneously supporting our friends and allies in improving their defense capabilities. Providing EDA on a grant basis turns U.S. defense items which are in excess of our Approved Force Acquisition Objective and Approved Force Retention Stock into instruments which meet a number of our national security interests. Some of the objectives met by grant EDA are: strengthening coalitions; cementing bilateral foreign military relationships; enhancing interoperability; furthering legitimate modernization efforts of our allies; aiding in multilateral peacekeeping efforts; combating illegal narcotics production and narco-trafficking; and aiding in demining assistance programs.

Grant EDA has contributed to our foreign policy successes. Our Partnership for Peace (PfP) initiatives are greatly augmented by providing grant materiel which meets NATO standards and fulfills valid modernization and standardization needs of eligible PfP partners. This excess equipment has helped our Latin American and Caribbean friends combat the threat of illegal narco-trafficking, and has permitted many South American and African nations to participate in support of U.S. and U.N. peacekeeping operations. Grant EDA supports the militaries of the newly democratic nations of Central Europe and contributes to regional stability by supporting the ongoing military reform efforts of the democratic Central Europe and Baltic governments. Grant EDA has been instrumental in aiding demining activities in Southeast Asia and northern Africa. Finally, grant EDA has a positive global impact--furthering U.S. national security interests and supporting the growth and strengthening of democracies, promoting military reform, and fighting the spread of illicit narcotics.

EDA articles are transferred in an "as is, where is" condition to the recipient and are only offered in response to a demonstrated requirement. The grant EDA program operates at essentially no cost to the U.S. with the recipient responsible for any required refurbishment and repair of the items as well as any associated transportation costs. The vast majority of EDA items are of low to medium technologies that do not present proliferation concerns.

Each grant eligible country has a justification statement providing the objective and proposed use of potential EDA within each country paper. Eligibility simply permits a nation to be considered for grant EDA and does not guarantee the transfer of any EDA, nor does it circumvent or bypass in any way the comprehensive case-by-case review each potential EDA offer receives. Furthermore, all potential EDA transfers are subject to the same Conventional Arms Transfer Policy interagency review as any other government-to-government transfer.

**Grants of Excess Defense Articles
Under the Provisions of the Foreign Assistance Act**
(\$ in thousands)

	OFFERED IN FY 2001		DELIVERED IN FY 2001	
	ACQ. VALUE	CURRENT VALUE	ACQ. VALUE	CURRENT VALUE
<u>AFRICA:</u>				
MADAGASCAR	720	288	0	0
NIGERIA	22,789	4,244	0	0
SENEGAL	3,209	160	0	0
REGIONAL TOTAL	26,718	4,692	0	0
<u>EAST ASIA & PACIFIC:</u>				
PHILIPPINES	2,100	2,343 *	2,100	2,343*
THAILAND	67,308	4,862	0	0
REGIONAL TOTAL	69,408	7,205	2,100	2,343*
<u>EUROPE & EURASIA:</u>				
ESTONIA	365	18	0	0
GEORGIA	575	230	0	0
GREECE	58,598	7,442	50,065	5,007
LATVIA	272	27	0	0
LITHUANIA	1,550	468	17	4
POLAND	4,470	447	0	0
PORTUGAL	579	119	0	0
TURKEY	32,272	4,969	2,726	136
REGIONAL TOTAL	98,681	13,720	52,808	5,147
<u>NEAR EAST & SOUTH ASIA:</u>				
BAHRAIN	112,550	5,922	275	27
EGYPT	10,382	1,038	4,070	407
ISRAEL	313,307	38,268	99,539	5,361
LEBANON	1,247	157	0	0
MOROCCO	39,932	5,204	15,694	1,903
TUNISIA	28,586	2,268	0	0
REGIONAL TOTAL	506,004	52,857	119,578	7,698
<u>WESTERN HEMISPHERE:</u>				
ARGENTINA	15,576	1,558	0	0
BRAZIL	275,984	21,577	237,984	17,777
CHILE	7,905	1,150	2,369	594
COLOMBIA	3,795	1,025	1,150	460
COSTA RICA	1,150	460	1,150	460
ECUADOR	1,350	526	241	12
EL SALVADOR	40,618	8,896	1,069	426
GUYANA	480	192	480	192
HONDURAS	5,536	556	0	0
MEXICO	959	177	860	172
NICARAGUA	720	288	0	0
PANAMA	15,000	6,000	0	0
TRINIDAD & TOBAGO	575	230	575	230
URUGUAY	6,155	661	0	0
REGIONAL TOTAL	375,803	43,296	245,878	20,323
WORLDWIDE TOTAL	1,076,613	121,773	420,364	35,511

*Current Value exceeds Acquisition Value due to the inclusion of Refurbishment costs.

NOTE: Totals may not add due to rounding.

**Sales of Excess Defense Articles
Under Foreign Military Sales Provisions**
(\$ in thousands)

	OFFERED IN FY 2001		DELIVERED IN FY 2001	
	ACQ. VALUE	CURRENT VALUE	ACQ. VALUE	CURRENT VALUE
<u>EAST ASIA & PACIFIC:</u>				
AUSTRALIA	11,113	1,050	1,017	51
KOREA	635	317	635	317
NEW ZEALAND	5,191	415	0	0
REGIONAL TOTAL	16,939	1,782	1,652	368
<u>EUROPE & EURASIA:</u>				
FRANCE	400	41	0	0
GREECE	257	129	257	129
SPAIN	26,965	5,032	0	0
TURKEY	113,482	22,676	6,151	1,230
REGIONAL TOTAL	141,104	27,878	6,408	1,359
<u>NEAR EAST & SOUTH ASIA:</u>				
BAHRAIN	4,299	215	4,299	215
EGYPT	1,035	103	0	0
ISRAEL	390	195	0	0
SAUDI ARABIA	5,399	270	0	0
REGIONAL TOTAL	11,123	783	4,299	215
<u>NON-REGIONAL:</u>				
NAMSA	52	26	43	19
NON-REGIONAL TOTAL	52	26	43	19
WORLDWIDE TOTAL	169,218	30,471	12,402	1,961

NOTE: Totals may not add due to rounding

Leased Defense Articles

The lease of defense articles can be authorized under the Arms Export Control Act (AECA), Chapter 6, if there are compelling U.S. foreign policy and national security reasons for providing defense articles on a lease rather than a sales basis. Defense articles cannot be leased if they are needed for public use during the period of the lease.

Except for leases entered into for the purposes of cooperative research or development, military exercises, or communications or electronics interface projects, the country leasing the defense article(s) must agree to pay, in U.S. dollars, all costs incurred by the United States Government in leasing the article(s). These costs include reimbursement for depreciation of the article(s) while leased. In addition, the country must also pay the cost of restoration or replacement if the article(s) are damaged while leased. If the article(s) is lost or destroyed while leased, the U.S. requires funds to cover the replacement cost (less depreciation, if any) or an amount equal to the actual value (less depreciation) when the article(s) will not be replaced in the U.S. inventory.

The President may waive reimbursement of depreciation for any defense article which has passed three-quarters of its normal service life if the President determines that to do so is important to the national security interests of the United States. In some cases, the President may waive the reimbursement of all lease charges with respect to a lease that is made in exchange with the lessee for a lease on substantially reciprocal terms of defense articles for the Department of Defense. Waivers for depreciation or reciprocity are made before the implementation of the lease agreement.

Leases are concluded for a fixed duration of time not to exceed five years and provide that, at any time during the lease, the U.S. may terminate the lease and require the immediate return of the defense article(s).

Leases Under the Arms Export Control Act Implemented FY 2001
(\$ in thousands)

	REPLACEMENT VALUE	TOTAL RENTAL VALUE
<u>East Asia & Pacific:</u>		
Singapore	7,353	184
Regional Total	7,353	184
<u>Europe and Eurasia:</u>		
Italy	93,758	32,601
Netherlands	1,062	74
Spain	7,075	836
United Kingdom	2,059	164
Regional Total	103,954	33,675
WORLDWIDE TOTAL	111,307	33,859

Stockpiling of Defense Articles for Foreign Countries

Section 541(b) of the Foreign Assistance Act of 1961 (FAA), as amended, establishes annual ceilings on the value of additions of defense articles located abroad that may be set aside, reserved, or otherwise earmarked from U.S. military inventories for use as War Reserves Stocks by Allies (WRSA) or other foreign countries (other than NATO). Most defense articles added to stockpiles under this ceiling will come from existing stocks.

In FY 2003, no defense articles will be added to existing stockpiles as items are in sufficient supply to provide the necessary support.

Value of Annual Ceiling for Stockpiling
(\$ in thousands)

Fiscal Year	Amount Stockpiled
1976 & 1977	95,750
1977	152,000
1978	270,000
1979	90,000
1980	95,000
1981	85,000
1982	130,000
1983	125,000
1984	125,000
1985	248,000
1986	360,000
1987	125,000
1988	116,000
1989	77,000
1990	165,000
1991	378,000
1992	300,000
1993	389,000
1994	292,000
1995	250,000
1996	50,000
1997	50,000
1998	60,000
1999	340,000
2000	60,000
2001	50,000
2002	0
2003	0

**Countries and International Organizations Eligible for Purchasing Defense Articles and Services
from the United States Government**

Country	Date of Determination
Africa	
Benin	January 02, 1973
Botswana	February 06, 1979
Burkina Faso	January 02, 1973
Burundi	August 24, 1991
Cameroon	January 02, 1973
Cape Verde	June 10, 1985
Central African Republic	February 02, 1987
Chad	September 01, 1977
Comoros	May 26, 1992
Cote D'Ivoire	January 02, 1973
Democratic Republic of Congo	August 24, 1991
Djibouti	May 17, 1982
Eritrea	February 18, 1994
Ethiopia	January 02, 1973
Gabon	January 02, 1973
Gambia	February 02, 1987
Ghana	January 02, 1973
Guinea	January 02, 1973
Guinea-Bissau	June 10, 1985
Kenya	October 29, 1974
Lesotho	October 25, 1990
Liberia	January 02, 1973
Madagascar	February 04, 1985
Malawi	January 02, 1973
Mali	June 10, 1985
Mauritania	October 29, 1974
Mauritius	August 22, 1995
Mozambique	April 10, 1985
Namibia	October 25, 1990
Niger	January 02, 1973
Nigeria	January 02, 1973
Republic of the Congo	January 02, 1973
Rwanda	February 27, 1981
Senegal	January 02, 1973
Seychelles	July 20, 1989
Sierra Leone	February 05, 1985
Somalia	November 05, 1976
South Africa	June 27, 1994
Sudan	November 05, 1976
Tanzania	July 20, 1989
Togo	February 11, 1985
Uganda	July 20, 1989
Zambia	August 11, 1992
Zimbabwe	October 26, 1982

Country	Date of Determination
East Asia & Pacific	
Brunei	January 02, 1973
Burma	January 02, 1973
Cambodia	January 02, 1973
China	June 12, 1984
Fiji	August 05, 1975
Indonesia	January 02, 1973
Japan	January 02, 1973
Korea	January 02, 1973
Laos	January 02, 1973
Malaysia	January 02, 1973
Marshall Islands	January 06, 1993
Micronesia	January 06, 1993
Mongolia	August 22, 1995
New Zealand	January 02, 1973
Papua New Guinea	December 04, 1980
Philippines	January 02, 1973
Samoa	January 06, 1993
Singapore	January 02, 1973
Solomon Islands	January 06, 1993
Taiwan	January 02, 1973
Thailand	January 02, 1973
Vanuatu	January 06, 1993
Vietnam	January 02, 1973
Europe & Eurasia	
Austria	January 02, 1973
Belgium	January 02, 1973
Bosnia and Herzegovina	February 23, 1996
Bulgaria	March 22, 1994
Canada	January 02, 1973
Croatia	April 08, 1999
Czech Republic	January 05, 1994
Denmark	January 02, 1973
Estonia	March 22, 1994
Federal Republic of Yugoslavia	January 02, 1973
Finland	January 02, 1973
France	January 02, 1973
Germany	January 02, 1973
Greece	January 02, 1973
Hungary	December 06, 1991
Iceland	January 02, 1973
Ireland	January 02, 1973
Italy	January 02, 1973
Kazakhstan	March 11, 1997
Kyrgyzstan	March 11, 1997
Latvia	March 22, 1994
Lithuania	March 22, 1994
Luxembourg	January 02, 1973
Macedonia	March 08, 1996

Country	Date of Determination
Europe & Eurasia Con't	
Malta	January 02, 1973
Moldova	March 11, 1997
Netherlands	January 02, 1973
Norway	January 02, 1973
Poland	December 06, 1991
Portugal	January 02, 1973
Romania	March 22, 1994
Russia	March 11, 1997
Slovakia	January 05, 1994
Slovenia	March 08, 1996
Spain	January 02, 1973
Sweden	January 02, 1973
Switzerland	January 02, 1973
Turkey	January 02, 1973
Turkmenistan	March 11, 1997
Ukraine	March 11, 1997
United Kingdom	January 02, 1973
Uzbekistan	March 11, 1997
Near East	
Bahrain	January 02, 1973
Egypt	August 01, 1977
Israel	January 02, 1973
Jordan	January 02, 1973
Kuwait	January 02, 1973
Lebanon	January 02, 1973
Libya	January 02, 1973
Morocco	January 02, 1973
Oman	January 02, 1973
Qatar	January 02, 1973
Saudi Arabia	January 02, 1973
Tunisia	January 02, 1973
United Arab Emirates	January 02, 1973
Yemen	January 02, 1973
South Asia	
India	January 02, 1973
Nepal	January 02, 1973
Pakistan	January 02, 1973
Sri Lanka	January 02, 1973
Western Hemisphere	
Argentina	January 02, 1973
Bahamas	December 13, 1973
Barbados	June 21, 1979
Belize	November 23, 1981
Bolivia	January 02, 1973
Brazil	January 02, 1973
Chile	January 02, 1973

Country	Date of Determination
Western Hemisphere Con't	
Colombia	January 02, 1973
Costa Rica	January 02, 1973
Dominican Republic	January 02, 1973
Ecuador	January 02, 1973
El Salvador	January 02, 1973
Grenada	April 03, 1984
Guatemala	January 02, 1973
Guyana	August 30, 1993
Haiti	January 02, 1973
Honduras	January 02, 1973
Jamaica	January 02, 1973
Mexico	January 02, 1973
Nicaragua	January 02, 1973
Panama	January 02, 1973
Paraguay	January 02, 1973
Peru	January 02, 1973
Suriname	April 14, 1976
Trinidad & Tobago	January 02, 1973
Uruguay	January 02, 1973
Venezuela	January 02, 1973

Pursuant to Section 25(a)(8) of the Arms Export Control Act (AECA), the above is a listing of the countries and international organizations that the President has determined to be eligible under Section 3(a)(1) of the AECA to purchase defense articles and services. That a determination of record under Section 3(a)(1) exists does not signify in itself that sales will be made.

End-Use Monitoring of Defense Articles and Defense Services Government to Government Programs

Section 40A of the AECA, as added by PL 104-164, requires that controls used for identifying high risk exports developed under Section 38 (g)(7) of the AECA and subsequently used in the Blue Lantern program also be applied for government-to-government sales and lease programs. Prior to submission of the first report under this section in 1998, the Department of Defense (DoD) reviewed its procedures for government-to-government shipments and determined that existing controls fully meet Blue Lantern program standards.

Specifically, before government-to-government shipments are made, DoD coordinates the transfer closely with the Embassy country team, appropriate regional commander-in-chief, other Government interagency offices, and with the acquiring country or international organization. Each defense item transfer must be preceded by formal agreement. Each agreement includes appropriate end-use and retransfer restrictions.

DoD applies tighter controls for more sensitive items. To help ensure proper controls are maintained, DoD manages transportation for more sensitive items to the point of physical turnover to appropriate country representatives. Physical security for transfers of arms, ammunition, and explosives are similar to those required for U.S. forces. The process for transfer of classified items include pre-release security surveys, special bilateral agreement prior to release, and follow-on surveys to verify that recipients retain appropriate item protection measures.

Notable EUM efforts since the last report include:

- The Defense Security Cooperation Agency (DSCA) established a formal EUM program for Government to Government transfers of defense articles and services under the name Golden Sentry. The first annual Golden Sentry EUM program policy message to the Security Assistance community was sent to Security Assistance Organizations (SAOs), requiring each SAO to appoint a Golden Sentry program point of contact and advised that further amplification will be provided as the program takes shape.
- Recruitment to fill the first dedicated EUM billet at DSCA was completed with the selectee scheduled to assume his duties in April 2002. This individual will provide the first full-time manpower to flesh out and start implementation of the enhanced EUM program under Golden Sentry.
- DSCA continued outreach efforts to ascertain and establish relationships with those governmental agencies which can help in identifying and monitoring those defense items which incorporate sensitive technology or are particularly vulnerable to diversion or other misuse (such as reverse engineering).
- DSCA tasked a two member in house team, on a part-time basis, to consolidate, update and expand on the EUM research conducted over the past two years, revalidate EUM enhancement plan objectives and develop an incremental action-oriented implementation plan for the new EUM employee to use when he comes on board in April 2002.
- EUM activity was added to the annual SAO tasking as a separate workload measure. A detailed explanation was developed to clarify which tasks performed by SAOs should be included in the EUM category.

DoD continues to monitor its transfer processes to detect and minimize any opportunities for unauthorized end-use of U.S.-origin defense articles. Over the past year, the provisions of Section 40A of the AECA have been implemented within existing personnel and resource ceilings. EUM as a whole has increased in its visibility and understanding as a potentially critical tool in support of the following objectives:

- a. To impede the access of potential adversaries to military significant items and technologies, including those that contribute to the proliferation of weapons of mass destruction.
- b. Promote a capable defense industrial base to ensure global competitiveness and continued technological advantages enjoyed by U.S. military forces over potential adversaries.
- c. Encourage foreign government support for U.S. principles, laws, regulations, and practices concerning the sale, transfer, and end-use of defense articles and services.

There is much left to accomplish; however, the momentum is positive and the EUM Golden Sentry program direction is clear: to protect key technologies and maintain our edge over those entities with interests unfriendly to those of our country.

End-Use Monitoring of Defense Articles and Defense Services Commercial Exports

This report describes the actions the Department of State took in the past fiscal year under Section 40A of the Arms Export Control Act (AECA) to implement end-use monitoring of the commercial export of defense articles, services, and related technical data subject to licensing under Section 38 of the AECA. The Office of Defense Trade Controls in the Bureau of Political-Military Affairs (PM/DTC), Department of State, is responsible for administering the International Traffic in Arms Regulations (ITAR) that implement the AECA. DTC's functions include registration of manufacturers, brokers, and exporters, licensing of commercial defense trade, overseeing company compliance with U.S. export regulations, supporting U.S. law enforcement agencies in criminal investigations and prosecutions, and, finally, the end-use monitoring of licensed transactions.

Overseas Monitoring: The Blue Lantern Program

Initiated in September 1990 as the first systematic end-use check program, the Blue Lantern program has strengthened export controls and has proven to be a useful instrument in: (1) deterring diversions, (2) aiding the disruption of illicit supply networks used by rogue governments and international criminal organizations, and (3) helping the Department make informed licensing decisions and ensuring compliance with the AECA and the ITAR. End-use checks performed under the Blue Lantern program have significantly encouraged compliance with legal and regulatory requirements and have proven particularly effective in addressing the growing problem of gray arms trade – the use of fraudulent export documentation to acquire defense articles through legitimate channels for end-users inimical to U.S. interests. Blue Lantern end-use checks are conducted by U.S. mission personnel abroad or DTC personnel to verify the destination and specific end-use and end-users of U.S. commercial defense exports and transfers.

The verification of the destination and end-use of U.S. defense exports supports policy goals related to restraints placed on arms sales and facilitation of legitimate defense trade. These goals include:

- Impeding access to military items and technologies by persons and organizations who do not have the best interests of the United States or our friends and allies in mind, including those which contribute to the proliferation of weapons of mass destruction.
- Preserving continued technology advantages enjoyed by U.S. military forces and U.S. friends and allies over potential adversaries.
- Encouraging foreign government support for U.S. principles, laws, regulations, and practices concerning the responsible sale, transfer, and end-use of defense equipment and services.

Results of End-use Checks in FY 2001

In FY 2001, DTC initiated 410 checks, exceeding the average of roughly 400 checks per year maintained since the inception of the program.

Blue Lantern checks in FY 2001 resulted in 71 unfavorable determinations. Twenty-six percent of these unfavorable cases involved aircraft spare parts that would have been diverted to prohibited countries (i.e., China, Iran, and Iraq) that seek these spare parts to circumvent U.S. military embargoes enforced by DTC in order to increase the operational readiness of military aircraft in their inventories. The remaining unfavorable checks involved commodities such as electronics, communications equipment, and firearms.

Overall, the program in this past fiscal year reflects improved targeting of cases based upon a comprehensive approach in selection process. Multiple indicators (i.e., commodity, end-use country, prior transaction records of end user, intelligence/enforcement information, etc.) are currently critical to the selection of Blue Lantern end-use checks as the international gray arms market becomes increasingly sophisticated.

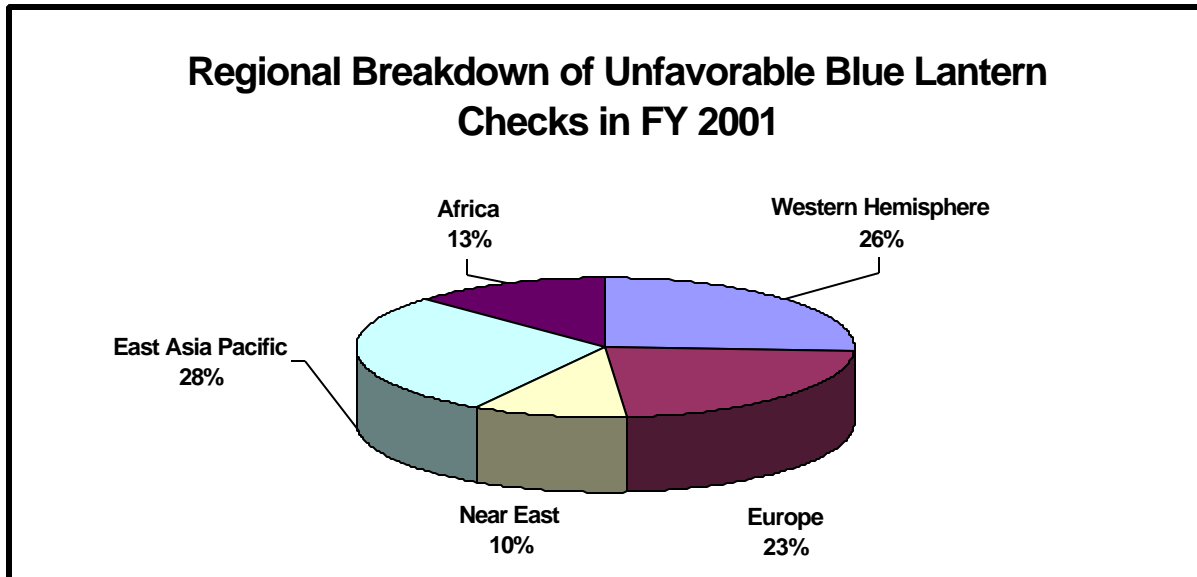
The following examples illustrate the effectiveness of the Blue Lantern Program in FY 2001:

- Possible misuse of warfare training technical data was thwarted when a Blue Lantern pre-license check found that the existence of the purported end-user in Asia could not be confirmed.
- Two companies were removed from a license for the export of technical data to a Middle Eastern country when a Blue Lantern post-license check discovered that these companies were not registered to conduct business in that country.
- Two licenses were denied involving the possible diversion of Chinook helicopter spare parts upon detection that that the government of an Asian country had no procurement relationship with the intermediary listed on the license application.
- Diversion and misuse of sensitive communications equipment to an Eastern European country was exposed when a post-license check uncovered that the government of that country had never agreed to purchase the equipment and the individual who signed the non-transfer and use certificate was not a legitimately empowered official. (The case is under criminal investigation.)
- Diversion of explosives from a Latin American country was prevented when a Blue Lantern pre-license check determined that the commodity would be re-exported to an embargoed country.

A notable trend revealed by Blue Lantern checks over the past three years is the incidence of West European based intermediaries involved in suspicious transactions (Table 1). In FY 2001, 23 percent of unfavorable checks, mostly for the export of aircraft spare parts, involved possible transshipments through allied countries. In absolute terms, the number of unfavorable checks involving European based intermediaries increased.

Results of Blue Lantern inquiries indicate that some of the major operations for arms trafficking and companies in the gray arms market (i.e., illicit transactions whose initial stages are conducted through legitimate channels) are based in Asia, as well as Western Europe. In FY 2001, about 28 percent of the unfavorable checks involved intermediaries in Asia.

Table 1:



Sales to U.S. friends and allies, including members of NATO, who have legitimate requirements for many U.S.-origin spare parts and components, also offer the appearance of legitimacy to illicit transfers. Most rogue countries, international criminal organizations, and other entities involved in fueling conflicts in Africa and other regions of the world, depend directly upon the gray market for ready supplies of spare parts to maintain their aging inventories of U.S.-origin equipment. Foreign brokers who manipulate the international system by jumping from one country's jurisdiction to another are key players in facilitating these illicit transactions and making them difficult to detect. Because such intermediaries initially rely upon legitimate, legal channels to execute their deals, the Blue Lantern program has proven to be particularly useful in helping to prevent various gray arms transfers by uncovering bogus transactions and end-users.

Compliance/Enforcement: State-USCS Cooperation

State-U.S. Customs Service cooperation (USCS has the responsibility for investigating criminal violations of the AECA) also plays a vital role in tackling and inhibiting gray arms activity. In Fiscal Year 2001, cooperative programs between State and U.S. Customs facilitated more than 325 commercial arms seizures at U.S. ports of exit totaling more than \$13 million.

The Office of Defense Trade Controls has limited personnel (71 FTE) and resources (\$9 million budget) to perform its mission. As part of the State-Customs cooperative effort that has as its goal the verification of licensed exports and the compliance of exporters, DTC electronically provides licensing data to all Customs Officers. This information allows for accurate, real-time monitoring by U.S. Customs officials of commercial arms moving in and out of the United States. Through the U.S. Customs Service's Operation Exodus, the Office of Defense Trade Controls also provides authoritative opinions, rulings, and advice on a daily basis to U.S. Customs concerning licensing and other regulatory requirements.

Commercial Exports Licensed or Approved Under the Arms Export Control Act

The data in the following chart on commercial sales are compiled by DTC based on information as of September 2001. The chart is in two parts. The first column, entitled "Actual Deliveries (Preliminary)," shows the preliminary dollar value totals by destination of exports during fiscal year 2001. These export totals are compiled from expired or completed licenses returned to DTC by the U.S. Customs Service, unless a more comprehensive method is available. The totals are preliminary because DTC licenses are approved for four calendar years, thereby allowing shipments to span five fiscal years, and are not returned by the U.S. Customs Service until the license is completed or expired. In some instances, training and technical assistance are not included in these figures. For further information, see also the classified annex to this document.

The second and third columns in the chart show the estimated dollar value totals by destination of possible deliveries in fiscal years 2002 and 2003. These estimates are based primarily on the dollar value of licenses approved for each destination during the prior two fiscal years (the dollar values of the authorized licenses are not shown). Not all approved licenses result in signed contracts and actual exports. Factors which affect the final export value include the availability of the licensed item for shipping, and how quickly the license will be returned to DTC. (See also the classified annex.) Other factors which cannot be quantified are economic and security conditions at the destination and changing U.S. foreign policy and national security considerations. Countries for whom there were no actual deliveries in fiscal year 2001 and which had no authorized licenses for fiscal years 2000 and 2001 do not appear in this report.

The procedures for estimating defense commercial sales for out years (fiscal years 2002 and 2003) were revised for the 1995 CPD. Previous procedures for such estimates called for extrapolating exports for the first out year at forty percent of the actual dollar value of licenses approved in the previous two fiscal years. The second out year's exports would have been estimated at sixty percent of that two year total.

However, based upon historical data, DTC now estimates exports for the first out year (fiscal year 2002) to be ten percent of the total dollar value of approved licenses for the previous two fiscal years (fiscal years 2000 and 2001). The exports for the second out year (fiscal year 2003) are estimated to be fifty percent of those for fiscal year 2001.

Commercial Exports Licensed or Approved Under the AECA
(\$ in thousands)

	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
Africa			
Angola	0	399	911
Botswana	429	1,208	2,349
Cameroon	0	75	375
Chad	0	4	0
Comoros	0	1	0
Djibouti	0	44	219
Ethiopia	0	57	285
Gabon	280	473	586
Ghana	0	52	95
Kenya	20	315	443
Mauritania	0	1	7
Mauritius	0	2	5
Namibia	0	39	69
Niger	0	4	0
Nigeria	58	5,812	12,595
Senegal	0	15	13
South Africa	740	5,586	19,234
Tanzania	0	76	334
Uganda	0	0	1
Zambia	696	193	356
Zimbabwe	0	37	127
Africa Totals :	2,223	14,393	38,004
East Asia & Pacific			
Australia	21,655	267,661	253,347
Brunei	2	353	1,465
French Polynesia	0	497	850
Hong Kong	783	1,208	1,142
Indonesia	63	4,214	9,698
Japan	66,715	1,579,864	5,827,550
Kiribati	0	1	3
Malaysia	1,201	75,878	330,282
Marshall Island	0	9,073	750
New Caledonia	0	26	69
New Zealand	308	16,411	61,881
Papua New Guinea	0	1	7
Philippines	53	12,930	34,354
Singapore	4,285	205,436	365,674
South Korea	15,476	205,633	522,222
Taiwan	29,127	200,000	200,000
Thailand	3,503	12,576	31,370
Tonga	0	37	153
East Asia & Pacific Totals :	143,171	2,591,799	7,640,817

	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
Europe & Eurasia			
Albania	0	229	50
Andorra	0	50	37
Austria	548	20,395	89,386
Belgium	3,683	25,927	84,162
Bosnia Herzegovina	0	258	1,009
Bulgaria	0	1,953	678
Croatia	0	9,451	3,430
Cyprus	0	2	7
Czech Republic	32,058	3,370	6,096
Denmark	585	18,530	48,962
Estonia	0	8	0
Falkland Islands	0	50	250
Faroe Islands	1	0	0
Finland	1,802	12,505	11,864
France	7,319	150,873	363,643
Georgia	0	441	1,890
Germany	8,777	336,053	955,817
Greece	1,511	80,879	200,375
Greenland	0	99	445
Hungary	0	1,518	6,324
Iceland	1	396	323
Ireland	217	1,665	7,552
Italy	10,131	129,373	362,138
Kazakhstan	0	40,389	155,363
Kyrgyzstan	0	0	146
Latvia	0	310	1,269
Liechtenstein	120	37	0
Lithuania	0	272	0
Luxembourg	293	46,619	56,000
Macedonia	120	513	2,323
Moldova	0	4	21
Monaco	0	12	0
Netherlands	5,252	89,449	262,891
Norway	1,954	19,600	53,677
Poland	358	11,554	15,708
Portugal	1,711	13,929	48,524
Romania	8	4,200	10,952
Russia	51	23,557	41,152
San Marino	0	301	0
Slovakia	47	696	983
Slovenia	0	1,085	2,233
Spain	6,040	67,066	257,499
Sweden	5,610	54,563	165,428
Switzerland	1,647	27,509	79,245
Turkey	27,196	179,824	551,835
Turkmenistan	0	70	0
Ukraine	0	26,047	208

	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
United Kingdom	27,140	1,059,780	3,123,604
Uzbekistan	0	446	2,214
Europe & Eurasia Totals :	144,180	2,461,857	6,975,713
Near East			
Algeria	368	16,961	81,499
Bahrain	342	2,344	2,378
Egypt	923	38,569	129,778
Israel	4,019	200,167	548,072
Jordan	53	3,750	6,304
Kuwait	82	5,817	14,632
Lebanon	95	45	94
Maldives	0	14	72
Morocco	556	7,997	14,321
Oman	176	2,706	4,477
Qatar	0	864	713
Saudi Arabia	1,028	82,274	154,025
Tunisia	590	1,454	2,909
United Arab Emirates	3,608	750,236	61,692
Yemen	0	854	1,027
Near East Totals :	11,840	1,114,052	1,021,993
Non-Regional			
Classified Totals	217,256	1,000,000	1,000,000
International Org.	5,372	291,607	642,231
Non-Regional Totals	222,628	1,291,607	1,642,231
South Asia			
Bangladesh	285	578	881
Nepal	0	44	141
Sri Lanka	3,467	2,923	6,308
South Asia Totals :	3,752	3,545	7,330
Western Hemisphere			
Anguilla	2	0	0
Antigua-Barbuda	0	1	5
Argentina	257,185	35,814	139,027
Aruba	0	10	24
Bahamas	0	19	19
Barbados	2	52	172
Belize	0	47	140
Bermuda	0	4	4
Boliva	414	1,452	1,515
Brazil	3,247	38,869	45,937
British Virgin Islands	0	29	0
Canada	17,489	145,945	396,005
Cayman Islands	0	10	43
Chile	1,472	9,397	9,765

	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
Colombia	1,874	13,893	38,538
Costa Rica	143	778	1,120
Dominica	1	4	18
Dominican Republic	102	2,161	10,253
Ecuador	72	2,758	12,342
El Salvador	37	1,204	2,570
French Guiana	0	133,420	363,820
Grenada	0	24	93
Guatemala	437	901	3,185
Guyana	81	84	186
Haiti	0	5	11
Honduras	2	880	1,694
Jamaica	91	361	1,129
Martinique	0	38	188
Mexico	9,755	20,197	61,896
Netherlands Antilles	1	281	333
Nicaragua	0	215	454
Panama	0	488	366
Paraguay	0	4	0
Peru	55	3,295	11,731
St Kitts And Nevis	1	0	1
St Lucia	0	62	105
St Vincent & Grenadines	11	9	44
Suriname	0	33	157
Trinidad & Tobago	133	489	280
Turks & Caicos Islands	4	1	2
Uruguay	197	742	2,259
Venezuela	549	50,527	172,057
Western Hemisphere Totals :	293,357	464,503	1,277,488
Grand Totals	821,151	7,941,756	18,603,576

Foreign Military Financing Grants (11-1082)
(\$ in millions)

	Actual FY 2001	Estimated FY 2002	Proposed FY 2003
Appropriated Funds			
Egypt Grant	1,297.140	1,300.000	1,300.000
Israel Grant	1,975.644	2,040.000	2,100.000
Jordan Grant	74.835	75.000	198.000
Other Countries Grants	156.657	200.000	472.200
Southeast European Initiative Grants	30.929		
Administrative Costs	32.928	35.000	37.000
Rescission	7.867		
Total FMF Appropriation	3,576.000	3,650.000	
Other Country Grants Funded by Excess MAP Collections	0.240		
Unobligated balance carried forward from previous year - Israel Wye (\$300M), Jordan Wye River (\$100M) and Egypt supplemental (\$25M)	425.000		
Prior Year Unobligated Balance Transferred from the Economic Support Fund for Other Country FMF Grants (Nigeria)	1.000		
Prior Year Unobligated Balance Transferred from the Emergency Response Fund for Other Country FMF Grants (Turkey and Uzbekistan)		45.000	
Less Rescission	-7.867		
Total Budgetary Resources Available for Obligation	<u>3,994.373</u>	<u>3,695.000</u>	<u>4,107.200</u>
Total Budgetary Resources Available for Obligation	3,994.373	3,695.000	4,107.200
Less Unobligated balances for administrative costs expiring	-0.024	0.000	0.000
Total FMF obligations	<u>3,994.349</u>	<u>3,695.000</u>	<u>4,107.200</u>
Total FMF Outlays (Net)	<u>4,249.003</u>	<u>4,237.024</u>	<u>4,236.191</u>

Foreign Military Financing Program Account (11-1085)
(\$ in millions)

	Actual FY 2001	Estimated FY 2002	Proposed FY 2003
Budget Authority			
Direct Loan Subsidy Appropriation	0.000	0.000	0.000
Subsidy Re-estimates	0.004	163.378	0.000
Total Budget Authority	<u>0.004</u>	<u>163.378</u>	<u>0.000</u>
Total Obligations	0.004	163.378	0.000
Outlays (Net)	59.751	208.538	6.672

Foreign Military Loan Liquidating Account (11X4121)
(\$ in millions)

	Actual FY 2001	Estimated FY 2002	Proposed FY 2003
Budget Authority for Guarantee Claims:			
Permanent Indefinite Authority	58.000	27.000	25.000
Collections of Guarantee Claims	10.531	11.036	19.906
Total Budget Authority	<u>68.531</u>	<u>38.036</u>	<u>44.906</u>
Total Obligations and Disbursements for Guaranteed Claims	41.531	38.036	44.906
Offsetting Collections			
Repayment of Direct Loans	-326.073	-254.895	-187.797
Repayment of FFB Loans	-233.789	-234.144	-234.075
Purchase of Loans from the Military Debt Reduction Account (11X4174)	0.000	0.000	0.000
Total Offsetting Collections	<u>-559.862</u>	<u>-489.039</u>	<u>-421.872</u>
Outlays (Net)	-518.349	-451.003	-376.966

Direct Loan Financing Account (11X4122)

(\$ in millions)

	Actual FY 2001	Estimated FY 2002	Proposed FY 2003
Budget Authority and Obligations			
Direct Loans	0.000	0.000	0.000
Interest on Treasury Borrowing	129.118	96.284	74.717
Downward Subsidy Re-estimate	209.026	16.174	0.000
Total Budget Authority and Obligations	<u>338.144</u>	<u>112.458</u>	<u>74.717</u>
Disbursements	884.622	451.958	128.787
Offsetting Collections:			
Collections from Loan Subsidy Account	-59.751	-208.538	-6.672
Interest on Uninvested Funds - Treasury	-40.232	0.000	0.000
Loan Repayments from Country	-479.019	-594.155	-584.504
Total Offsetting Collections	<u>-579.002</u>	<u>-802.693</u>	<u>-591.176</u>
Outlays (Net)	305.620	-350.735	-462.389

Military Debt Reduction Financing Account (11X4174)

(\$ in millions)

	Actual FY 2001	Estimated FY 2002	Proposed FY 2003
Budget Authority and Obligations			
Loan Purchase from Liquidating Acct	0.000	0.000	0.000
Interest on Debt to Treasury	0.122	0.836	0.000
Downward Subsidy Re-estimate	3.760	0.000	0.000
Total Budget Authority and Obligations	<u>3.882</u>	<u>0.836</u>	<u>0.000</u>
Disbursements	3.882	0.836	0.000
Offsetting Collections:			
Collections from Loan Subsidy Account	-15.727	-2.190	0.000
Interest on Uninvested Funds	-0.035	0.000	0.114
Loan Repayments from Country	-0.744	-2.014	-2.141
Total Offsetting Collections	<u>-4.959</u>	<u>-2.014</u>	<u>-2.255</u>
Outlays (Net)	-1.077	-1.178	-2.255

International Military Education & Training Program (11-1081)

(\$ in millions)

	Actual (1) FY 2001	Estimated FY 2002	Proposed FY 2003
Appropriation (1)	57.875	70.000	80.000
Recession	-.127	0.000	0.000
Unobligated funds carried forward from previous year - available for obligation	1.000	3.586	0.000
Total budgetary resources available for obligation	<u>58.748</u>	<u>73.586</u>	<u>80.000</u>
Total budgetary resources available for obligation	58.748	73.586	80.000
Current Year Obligations	55.588	73.586	80.000
Unobligated balance of new authority carried forward for new obligations:	3.160	0.000	0.000
Prior Year downward obligation adjustments carried forward and available for new obligations	.426	0.000	0.000
Total unobligated balance carried forward and available for new obligations	<u>3.586</u>	<u>0.000</u>	<u>0.000</u>
Prior year downward obligation adjustments not available for new obligations	2.733	0.000	0.000
Net Outlays	49.761	66.564	77.788

(1) Amounts include \$2.875M of supplemental appropriations in the 2001 budget for the Southeast Europe Initiative.

NOTE: \$3.22M of FY 1996 funds were returned to Treasury at the end of FY 2001.

Special Defense Acquisition Fund (11X4116)

(\$ in millions)

	Actual FY 2001	Estimated FY 2002	Proposed FY 2003
Purchases of Equipment (Obligations)	.000	0.000	0.000
Gross Budget Authority (a)	.000	0.000	0.000
Offsetting Collections	-6.504	-3.000	0.000
Net Budget Authority	-6.504	-3.000	0.000
Financing Disbursements	.524	5.000	5.000
Offsetting Collections	-6.504	-3.000	0.000
Net Outlays	-5.980	2.000	5.000
Return of Unobligated Balances to the Treasury due to Program Cancellation (Excess Unobligated Balance) to Treasury account 1614, "Other Earnings from Business Operations and Revolving Funds"	25.000	10.000	10.000

(a) This represents the planned transfer of all collections "in excess of obligation authority provided in prior appropriations Acts" pursuant to P.L. 103-87, September 30, 1993, which means that all FY 1994 and later collections are first deposited into the SDAF appropriation, and later transferred to the Treasury Account, "Other Repayments of Investments and Recoveries," 2814. The return of capitalization does not affect the calculation of net outlay.

Foreign Military Financing Program/Grants
(\$ in millions)

Fiscal Year	Request		Authorized		Appropriated	
	Budget Authority	Program	Budget Authority	Program	Budget Authority	Program
1970	275.000	350.000	250.000	340.000	70.000	0.000
1971	772.500	885.000	750.000 (a)	840.000 (a)	700.000 (a)	0.000
1972	510.000	582.000	400.000	550.000	400.000	0.000
1973	527.000	629.000	400.000 (b)	550.000	400.000 (b)	0.000
1974	2,725.000	2,960.000	2,525.000 (c)	2,930.000 (c)	2,525.000 (c)	0.000
1975	555.000	872.000	405.000	872.500	300.000	0.000
1976 (d)	2,430.200	2,430.200	1,298.750	2,968.375	1,205.000	0.000
1977	2,179.600	2,179.600	740.000	2,022.100	740.000	0.000
1978	707.750	2,217.500	682.000	2,152.350	675.850	0.000
1979 (e)	1,042.500	5,767.500	1,044.300	6,155.500	1,024.500	0.000
1980	658.880 (f)	2,188.000 (f)	673.500	2,235.000	645.000 (b)	0.000
1981	734.000	2,840.000 (g)	500.000	3,116.000	500.000 (b)	3,046.187 (b)
1982	1,481.800	4,054.400	800.000	4,069.525	800.000	3,883.500
1983	950.000 (h)	5,273.300 (h)	800.000	4,169.525	1,175.000 (b)	5,106.500 (b)
1984	1,000.000	5,656.000	1,315.000	5,761.500	1,315.000 (b)	5,716.250 (b)
1985	5,100.000	5,100.000	(i)	(i)	4,939.500 (b)	4,939.500 (b)
1986	5,655.000	5,655.000	5,371.000	5,371.000	5,190.000	5,190.000 (j)
1987	5,861.000 (k)	5,661.000	(i)	(i)	4,053.441 (l)	4,053.441 (l)
1988	4,421.150	4,421.150	(m)	(m)	4,017.000 (n)	4,049.000
1989	4,460.000	4,460.000	(o)	(o)	4,272.750	4,272.750
1990	5,027.000	5,027.000	(p)	(p)	4,827.642	4,827.642 (q)
1991	5,016.900	5,016.900	(r)	(r)	4,663.421 (s)	4,663.421 (s)
1992	4,610.000	4,610.000	(t)	(t)	3,928.548 (u)	3,928.548 (u)
1993	4,099.225	4,099.225	(v)	(v)	3,245.414 (w)	3,245.414 (w)
1994	3,231.657	3,232.157	(x)	(x)	3,052.397 (x)	3,052.397 (x)
1995	3,130.858	3,130.858	(y)	(y)	3,151.279 (y)	3,151.279 (y)
1996	3,262.020	3,262.020	(z)	(z)	3,208.390 (z)	3,208.390 (z)
1996 Sup	70.000 (A)	70.000 (A)	(A)	(A)	70.000 (A)	70.000 (A)
1997	3,228.250	3,228.250	(B)	(B)	3,224.000 (B)	3,224.000 (B)
1998	3,274.250	3,274.250	(C)	(C)	3,296.550 (C)	3,296.550 (C)
1999	3,275.910	3,275.910	(D)	(D)	3,380.000 (D)	3,380.000 (D)
2000	3,430.000	3,430.000	(E)	(E)	4,819.994 (E)	4,819.994 (E)
2001	3,538.200	3,538.200	3,550.000	3,550.000	3,576.000 (F)	3,576.000 (F)
2002	3,764.000	3,674.000	3,627.000	3,627.000	3,650.000	3,695.000 (G)
2003	4,107.000	4,107.000				

NOTE: Military Assistance Program included Foreign Military Sales Financing program prior to FY 1969.

- (a) Includes \$500M for Israel authorized by P.L. 91-441 and appropriated by P.L. 91-665.
- (b) CRA limitation.
- (c) Includes \$2,200M for Emergency Security Assistance requested, authorized and appropriated for Israel.
- (d) Includes transitional quarter (FY 197T).
- (e) Includes \$2,200M supplemental program for Israel and a \$1,500M supplemental program for Egypt.
- (f) Includes a \$10M amendment for Sudan and \$15M for Oman.
- (g) Includes \$200M proposed budget amendment for Egypt.
- (h) Reflects the amended budget request but not the supplemental budget request for program increase of \$525M for guarantee loans.

- (i) Authorization waived in Continuing Resolution Authority (P.L. 98-473 for FY 1985, and P.L. 99-500 for FY 1987).
- (j) Reflects amounts appropriated under P.L. 99-190 (final CRA). Pursuant to P.L. 99-177 (Gramm-Rudman-Hollings), \$223.17M not available for obligation.
- (k) Includes a supplemental request of \$200M.
- (l) Includes \$4,040.441 authorized by P.L. 99-500 CRA limitation and \$13.000 authorized by P.L. 100-71.
- (m) Authorization waived in Continuing Resolution (P.L. 100-202).
- (n) P.L. 100-202 appropriated \$4,049M for FY 1988. Also included in the law was a \$32M rescission applicable to the FY 1985 and FY 1986 appropriation resulting in an adjusted appropriation of \$4,017M, as shown in the FY 1989 President's Budget.
- (o) Authorization waived in P.L. 100-461.
- (p) Authorization waived in P.L. 101-167.
- (q) Congress appropriated \$4,828.403M which was reduced by .43% for use in the control of illicit drugs. In addition, \$20M was transferred into the FMF account from the DOD budget (P.L. 101-165) resulting in \$4,827.641M available to the FMF program.
- (r) Authorization waived in P.L. 101-513.
- (s) P.L. 101-513 appropriated \$5,066.921M for FY 1991. Section 401(a) of P.L. 102-27 subsequently reduced that amount to \$4,663.421M.
- (t) Authorization waived in P.L. 102-109, P.L. 102-145, and P.L. 102-266.
- (u) P.L. 102-266 appropriated \$4,100M for FY 1992, reduced the amount appropriated by \$60.602M and provided for the transfer of \$63.75M of funds appropriated to the Demobilization and Transition Fund. P.L. 102-298 rescinded an additional \$47.100 of the FY 1992 appropriation for a net appropriation of \$3,928.548M.
- (v) Authorization waived in P.L. 102-391.
- (w) P.L. 102-391 appropriated \$3,300M for FY 1993, rescinded \$25.586M of prior year balance, and provided for the transfer of \$29M to the Demobilization and Transition Fund for a net budget authority of \$3,245.414M.
- (x) P.L. 103-87 appropriated \$3,149.279M, including deobligation/reobligation authority. The authorization was waived. During FY 1994, an Emergency Supplemental Appropriations Act was passed (P.L. 103-211) and it rescinded \$91.282M of FY 1993 and prior year balances. Subsequently, an additional \$5.6M was transferred to the IMET and Economic Support Fund accounts leaving a net appropriation of \$3,052.397M.
- (y) P.L. 103-306 appropriated \$3,151.279M for FY 1995. The Authorization was waived.
- (z) P.L. 104-107 appropriated \$3,208.390M for FY 1996. The Authorization was waived.
- (A) Pending FY 1996 FMF supplemental request of \$140M supports Jordan F-16 program; P.L. Appropriated \$70M for FY 1996. The Authorization was waived.
- (B) P.L. 104-208 appropriated \$3,224M for FY 1997. The Authorization was waived.
- (C) P.L. 105-118 appropriated \$3,296.55M for FY 1998. The Authorization was waived.
- (D) P.L. 105-277 appropriated \$3,380M for FY 1999 FMF Grants. The Authorization was waived.
- (E) P.L. 106-113 appropriated \$4,788.994M for FY 2000 FMF Grants. The Authorization was waived.
- (F) P.L. 106-429 appropriated \$3,576M for FY 2001 FMF Grants. P.L. 106-554 rescinded \$7.867M of the FMF appropriation.
- (G) Includes \$45M appropriated under P.L. 107-38, the Emergency Response Fund.

Foreign Military Financing
Direct Loan Financing Account – Total Program (11X4122)
(\$ in millions)

Fiscal Year	Branch Request	Financing Authority
1992	313.961	345.000 (a)
1993	360.000	855.000 (b)
1994	855.000	769.500 (c)
1995	770.000	619.650 (d)
1996	765.000	544.000 (e)
1997	370.028	540.000 (f)
1998	699.500	200.000 (g)
1999	167.024	117.855 (h)
2000	0.000	0.000
2001	0.000	0.000
2002	0.000	0.000
2003	0.000	0.000

- (a) Continuing Resolution Authority (P.L. 102-109 and P.L. 102-145).
- (b) P.L. 102-391 provides financing authority for direct loans of \$855M for FY 1993.
- (c) P.L. 103-87 provides financing authority for direct loans of \$769.5M for FY 1994.
- (d) P.L. 103-306 provides financing authority for direct loans of \$619.65M for FY 1995.
- (e) P.L. 104-107 provides financing authority for direct loans of \$544M for FY 1996.
- (f) P.L. 104-208 provides financing authority for direct loans of \$540M for FY 1997.
- (g) P.L. 105-118 provides financing authority for direct loans of \$200M for FY 1998.
- (h) P.L. 105-277 provides financing authority for direct loans of \$167M for FY 1999.

**Foreign Military Financing
Direct Loan Subsidy Element**
(\$ in millions)

Fiscal Year	Request	Appropriated
1992	57.490	50.148 (a)(b)
1993	63.332	149.200 (c)
1994	120.457	46.530 (d)
1995	59.598	47.917 (e)
1996	89.888	64.400 (f)
1997	40.000	60.000 (g)
1998	66.000	60.000 (h)
1999	20.000	20.000 (i)
2000	0.000	0.000
2001	0.000	0.000
2002	0.000	0.000
2003	0.000	0.000

- (a) Authorization waived under P.L. 102-109 and P.L. 102-145.
- (b) P.L. 102-266 appropriated \$50.9M for FY 1992 and reduced the appropriation by \$.752M for a net availability of \$50.148M.
- (c) P.L. 102-391 appropriated \$149.2M for FY 1993. The Authorization was waived.
- (d) P.L. 103-87 appropriated \$46.53M for FY 1994. The Authorization was waived.
- (e) P.L. 103-306 appropriated \$47.917M for FY 1995. The Authorization was waived.
- (f) P.L. 104-107 appropriated \$64.4M for FY 1996. The Authorization was waived.
- (g) P.L. 104-208 appropriated \$60M for FY 1997. The Authorization was waived.
- (h) P.L. 105-118 appropriated \$60M for FY 1998. \$40M will be transferred to the FMF Grant Account. The Authorization was waived.
- (i) P.L. 105-277 appropriated \$20M for FY 1999. The Authorization was waived.

Military Assistance Program
(\$ in millions)

Fiscal Year	Request	Authorized	Appropriated
1950	1,400.000	1,314.000	1,314.000
1951	5,222.500	5,222.500	5,222.500
1952	6,303.000	5,997.600	5,744.000
1953	5,425.000	4,598.400	4,219.800
1954	4,274.500	3,681.500	3,230.000
1955	1,778.300	1,591.000	1,192.700
1956	1,959.200	1,450.200	1,022.200
1957	2,925.000	2,225.000	2,017.500
1958	1,900.000	1,600.000	1,340.000
1959	1,800.000	1,605.000	1,515.000
1960	1,600.000	1,400.000	1,300.000
1961	2,000.000	(a)	1,800.000
1962	1,885.000	1,700.000	1,600.000
1963	(b)	1,700.000	1,325.000
1964	1,405.000	1,000.000	1,000.000
1965 (c)	1,055.000	1,055.000	1,055.000
1966 (c)	1,170.000	1,170.000	1,170.000
1967	917.000	875.000	792.000
1968	620.100	510.000	500.000
1969	420.000	375.000	375.000
1970	425.000	350.000	350.000
1971	690.000	690.000	690.000
1972	705.000	500.000	500.000
1973	780.000	553.100 (d)	553.100 (d)
1974 (e)	685.000	512.500	450.000 (f)
1975 (g)	985.000	600.000	475.000
1976 (h)(i)	790.000	245.875	252.200
1977	279.000	235.800	264.550
1978	230.000	228.900	220.000 (j)
1979	133.500	133.500	83.375
1980 (c)	160.200 (k)	111.900 (l)	110.000 (d)
1981 (c)	104.400	106.100	110.200 (d)
1982	131.400	231.400	171.412
1983 (c)	557.000 (n)	238.500 (o)	383.325 (d)
1984	747.000 (p)	639.700	711.750 (d)(q)
1985	924.500	(r)	805.100 (d)
1986 (c)	949.350	805.100	798.374 (s)(t)
1987 (c)	1,257.450 (u)	805.100	950.000
1988	1,329.800	(v)	700.750
1989	467.000	(w)	467.000 (x)
1990	40.432	(y)	(z)
1991	0.000	0.000	0.000
1992	0.000	0.000	-6.750 (D)
1993	0.000	0.000	-20.164 (E)
1994	-0.439 (F)	0.000	-0.439 (F)
1995	(L)		(L)

International Military Education & Training Program
(\$ in millions)

Fiscal Year	Request	Authorized	Appropriated
1976 (a)	37.000	33.750	28.750
1977	32.200	30.200	25.000
1978	35.000	31.000	30.000
1979	32.100	31.800	27.900
1980	32.900	31.800	25.000 (d)
1981	32.500	34.000	28.400 (d)
1982	42.000	42.000	42.000
1983	53.700 (o)	43.000	46.000
1984	56.532	56.452	51.532 (d)
1985	60.910	(r)	56.221 (d)
1986	65.650	56.221	54.490 (s)
1987	68.830	56.000	56.000
1988	56.000	(v)	47.400
1989	52.500	(w)	47.400
1990	54.500	(y)	47.196 (A)
1991	50.500	(B)	47.196
1992	52.500	(C)	47.196 (G)
1993	47.500	(H)	42.500 (I)
1994	42.500	(J)	22.250 (J)
1995	25.500	(K)	25.500 (K)
1996	39.781	39.000 (M)	39.000 (M)
1997	45.000	43.475 (N)	43.475 (N)
1998	50.000	50.000	50.000 (O)
1999	50.000	49.951	49.951 (P)
2000	50.000	49.810	49.810 (Q)
2001	57.875	57.748	57.748 (R)
2002	70.000	70.000	70.000 (S)
2003	80.000		

NOTE:

- (1) The Military Assistance Program included International Military Education and Training Program prior to FY1976.
- (2) The Administration has not proposed Military Assistance Programs subsequent to FY 1990.
 - (a) The Mutual Security Act of 1959, P.L. 86-108, approved July 24, 1959, states "There is hereby authorized to be appropriated to the President for the fiscal year 1961 and 1962 such sums as may be necessary from time to time to carry out the purpose of this chapter, which sums shall remain available until expended."
 - (b) Foreign Assistance Act of 1961 authorized \$1,700M; no executive branch request for authorization was required.
 - (c) Does not include MAP drawdowns of \$75M in FY 1965 and \$300M in FY 1966, or Section 506(a) drawdowns of \$1M in FY 1980; \$26M in FY 1981; \$55M in FY 1982; \$25M in FY 1983; \$40M in FY 1986; and \$25M in FY 1987.
 - (d) CRA limitation.
 - (e) Includes funds requested separately for proposed International Military Education and Training Program finally authorized and appropriated as part of the Military Assistance Program. Does not include \$2,500M for Section 506 drawdown authority.

- (f) Includes \$5M transferred to AID.
- (g) Does not include \$75M for Section 506 drawdown authority.
- (h) Includes transitional quarter FY197T.
- (i) Does not include \$275M for Section 506 drawdown authority.
- (j) Includes \$40.2M subsequently rescinded.
- (k) Includes a \$50M supplemental for Turkey.
- (l) Includes a \$1.7M Senate supplemental for Sudan.
- (m) Does not include \$7.1M reimbursement for Section 506 drawdown authority.
- (n) Reflects the amended budget request but not the \$187M supplemental budget request.
- (o) Reflects initial budget request; excludes \$1M supplemental request.
- (p) Reflects initial budget request; excludes \$259.05M supplemental request for Central America.
- (q) Includes supplemental appropriation of \$201.75M for Central America.
- (r) Authorization waived in Continuing Resolution (P.L. 98-473).
- (s) Reflects amounts appropriated under P.L. 99-190 (final CRA). Pursuant to P.L. 99-177 (Gramm-Rudman-Hollings) \$33.626M of MAP and \$2.343M of IMET are not available for obligation.
- (t) Includes supplemental appropriation of \$50M for the Republic of the Philippines.
- (u) Includes a supplemental request of \$261M.
- (v) Authorization waived in Continuing Resolution (P.L. 100-202).
- (w) Authorization waived in P.L. 100-461.
- (x) P.L. 101-45 transferred \$2M to contributions for international peacekeeping activities (Budget Account 19-9-1124).
- (y) Authorization waived in P.L. 101-167.
- (z) Administrative costs formerly designated as MAP General Costs (1080 account) are included in the Foreign Military Financing Appropriation (1082 account) effective 1 October 1989.
- (A) Congress appropriated \$47.4M which was reduced by .43% for use in the control of illicit drugs, resulting in \$47.196M available to the IMET program.
- (B) Authorization waived in P.L. 101-513.
- (C) Authorization waived in P.L. 102-109 and P.L. 102-145.
- (D) P.L. 102-298 rescinded \$6.75M of prior year balances and \$5.76M of previously disbursed amounts.
- (E) P.L. 102-298 rescinded \$20.164M of prior year balances.
- (F) During FY 1994, P.L. 103-211, the FY 1994 Emergency Supplemental Appropriations Act, rescinded \$.439M of prior year appropriations.
- (G) P.L. 102-266 appropriated \$47.196M for FY 1992. P.L. 102-298 rescinded \$1.925M and P.L. 102-381 reduced it an additional \$.698M for a net availability of \$44.573M.
- (H) Authorization waived in P.L. 102-391.
- (I) P.L. 102-391 appropriated \$42.5M for FY 1993.
- (J) P.L. 103-87 appropriated \$21.25M for FY 1994. The Authorization was waived. During FY 1994, an additional \$1.M was transferred into IMET from FMF making a total of \$22.25M of appropriated funds available.
- (K) P.L. 103-306 appropriated \$25.5M for FY 1995. The Authorization was waived. Subsequent to the release of the President's FY 1996 Budget, \$.85M was transferred out of the PKO account and into the IMET account (\$.35M for Botswana and \$.5M for Senegal) to enhance PKO training.
- (L) MAP funds were cancelled in FY 1995 due to "M" year legislation. No new authorizations will be enacted for this account.
- (M) P.L. 104-107 appropriated \$39M for FY 1996. The Authorization was waived.
- (N) P.L. 104-208 appropriated \$43.475M for FY 1997. The Authorization was waived.
- (O) P.L. 105-118 appropriated \$50M for FY 1998. The Authorization was waived.
- (P) P.L. 105-277 appropriated \$50M for FY 1999. The Authorization was waived. P.L. 106-51 rescinded \$.041M.
- (Q) P.L. 106-113 appropriated \$49.810M for FY 2000. The Authorization was waived.

- (R) P.L. 106-429 appropriated \$55M for FY 2001 and \$2.875M for an emergency supplemental in support of the Southeast Europe Initiative. P.L. 106-554 rescinded \$.127M.
- (S) P.L. 107-115 appropriated \$70M for FY 2002. The Authorization was waived.

Peacekeeping Operations
(\$ in millions)

Fiscal Year	Request	Authorized	Appropriated
1979	(a)	30.900	27.400
1980	(a)	21.100	22.000 (b)
1981	25.000	25.000	25.000 (c)
1982	19.000	19.000	14.000 (d)
1983	43.474	19.000	31.100 (c)
1984	46.200	46.200	46.200 (c)
1985	49.000	(e)	44.000 (c)
1986	37.000	37.000	34.000 (f)
1987	39.000	37.000	31.689
1988	46.311	31.689	31.689
1989	41.689 (g)	41.689	41.689
1990	33.377	32.773	32.773
1991	32.800	32.800	32.800
1992	378.000 (h)	28.000	28.000 (c)
1993	27.166	27.166	27.166
1994	77.166	82.435 (i)	82.435 (i)
1995	75.000	75.000	75.000 (j)
1996	100.000	70.000	70.000
1997	70.000	65.000	65.000
1998	90.000	77.500	77.500
1999	83.000	76.500	76.500
2000	130.000	152.418	152.418 (k)
2001	134.000	127.000 (l)	126.382 (m)
2002	150.000	135.000	135.000
2003	108.250		

- (a) Executive Branch request included ESF and PKO in one account—Security Supporting Assistance (SSA).
- (b) CRA limitation (P.L. 96-123).
- (c) CRA limitation.
- (d) In addition, \$125M appropriated under CRA (P.L. 97-51) and authorized by P.L. 97-132 for the Multinational Force and Observers.
- (e) Authorization waived in Continuing Resolution (P.L. 98-473).
- (f) Reflects amount appropriated under P.L. 99-190 (final CRA). Pursuant to P.L. 99-177 (Gramm-Rudman-Hollings), \$1.462M of this amount is not available for obligation.
- (g) Includes \$10M transfer from DOD allocated to Department of State pursuant to P.L. 101-45 used for UN mineclearing operations in Afghanistan.
- (h) Reflects an amendment to the FY 1992 budget to provide the United States' share to initiate UN Peacekeeping activities in Cambodia and El Salvador, and for other peacekeeping requirements.
- (i) Includes appropriation of \$75.623M plus \$6.812M transferred from other accounts.
- (j) The President's FY 1996 Budget shows PKO Budget Authority of \$75M in FY 1995. Subsequent to the release of the President's Budget, \$.85M was transferred out of the PKO account and into the IMET account (\$.35M for Botswana and \$.5M for Senegal) to enhance PKO training.
- (k) Includes \$2.466M transferred to IO&P account for KEDO. Does not reflect \$.582M rescission under the Consolidated Appropriations Act, 2001 (P.L. 106-554).

- (l) Authorization waived according to Section 525, Foreign Operations, Export Financing, and Related Appropriations Act 2001, (P.L. 106-429).
- (m) Reflects rescission of the Consolidated Appropriations Act, 2001 (P.L. 106-554) and includes \$2.279M UN reimbursement.

Foreign Military Loan Liquidating Account (11X4121)
(Formerly Guaranty Reserve Fund)
(\$ in millions)

Borrowing Authority – Permanent Indefinite Appropriation (a)

Fiscal Year	Request	Appropriated	Actual	Estimated
1985	274.000	109.000	0.000	
1988	0.000	532.000	0.000	
1989	0.000	0.000	452.065	
1990	0.000	0.000	731.510	
1991	0.000	0.000	127.014	
1992	0.000	0.000	0.000	
1993	0.000	0.000	62.678	
1994	0.000	0.000	49.608	
1995	0.000	0.000	39.300	
1996	0.000	0.000	23.577	
1997	10.599	0.000	16.500	
1998	28.000	0.000	28.000	
1999	31.000	0.000	37.500	
2000	35.000	0.000	38.000	
2001	31.000	0.000	58.000	
2002	27.000	0.000	27.000	
2003	25.000			25.000

(a) Use of borrowing from U.S. Treasury under authority of P.L. 100-202 in FY 1989, P.L. 101-167 in FY 1990, and P.L. 101-513 in FY 1991. Use of permanent indefinite appropriation authority in FY 1993 through FY 2001.

Economic Support Fund
(\$ in millions)

Fiscal Year	Request	Authorized	Appropriated
1964	435.000	380.000	330.000
1965	405.000	405.000	401.000
1966	764.000	684.000	684.000
1967	750.000	715.000	690.000
1968	720.000	660.000	600.000
1969	595.000	410.000	365.000
1970	515.000	414.600	395.000
1971	600.000	414.600	414.600
1972	800.000	618.000	550.000
1973	848.800	(a)	600.000 (a)
1974	732.000	629.000	611.500
1975	1,425.300	1,377.000	1,200.000
1976	1,923.300	1,856.200	1,739.900
1977	50.200	464.100 (b)	279.700 (b)
1977	1,893.500	1,895.000	1,757.700
1978	2,232.200	2,235.000 (c)	2,219.300 (c)
1979	2,204.400 (d)(e)	2,202.000	2,282.000
1980	2,115.100 (e)(f)	1,935.000	1,946.000 (g)
1981	2,030.500	2,065.300	2,104.500 (g)
1982	2,931.500	2,973.500	2,926.000
1983	2,886.000 (h)	2,873.500	2,962.250 (g)
1984	2,949.000 (i)	3,074.000	3,254.250 (g)(j)
1985	3,438.100	(k)	6,084.000 (l)
1986	4,024.000	3,800.000	3,800.000 (m)(n)
1987	4,390.800 (o)	(p)	3,600.000 (q)
1988	3,600.000 (r)	(p)	3,200.820 (r)
1989	3,281.000 (r)	(p)	3,258.500
1990	3,849.100 (s)	(p)	3,916.510 (t)
1991	3,358.000 (u)	(p)	3,175.000 (v)
1992	3,240.000 (w)	(p)	3,216.624 (g)
1993	3,123.000 (x)	(p)	2,670.000
1994	2,582.000	(p)	2,364.562
1995	2,434.500 (y)	(p)	2,368.600
1996	2,494.300 (z)	(p)	2,359.600
1997	2,408.000	(p)	2,362.600
1998	2,497.600	(p)	2,419.600
1999	2,513.600 (aa)	(p)	2,592.831 (bb)
2000	2,543.000 (cc)	(p)	2,782.187 (dd)
2001	2,363.000	(p)	2,314.896 (ee)
2002	2,289.000	(p)	2,824.000 (ff)
2003	2,290.000		

(a) CRA level - \$618M. There was no authorization level in FY 1973.

- (b) Section 506 of the International Security Assistance and Arms Control Act of 1976, P.L. 94-329, quarter not to exceed one-fourth of the total amount authorized in that Act for FY 1976.
- (c) Includes \$300M for Portugal; also \$20M for Lebanon, authorized as Disaster Assistance, but appropriated in the Security Support Assistance (SSA) account.
- (d) Includes a \$300M supplemental for Egypt and \$100M for Turkey.
- (e) Executive Branch request included ESF and PKO in one account—Security Supporting Assistance (SSA).
- (f) Includes an \$80M supplemental for Central America.
- (g) CRA limitation.
- (h) Reflects initial budget request. Does not include the \$294.5M supplemental budget request.
- (i) Reflects initial budget request. Does not include the \$340.5M supplemental appropriation for Central America or the \$10M for Poland.
- (j) Includes supplemental appropriation (P.L. 98-332).
- (k) Authorization waived in Continuing Resolution Authority (P.L. 98-473 for FY 1985, and P.L. 99-500 for FY 1987).
- (l) Includes FY 1985 Supplemental of \$2,258M.
- (m) Reflects amounts appropriated under P.L. 99-190 (final CRA). Pursuant to P.L. 99-177 (Gramm-Rudman-Hollings), \$159.358M not available for obligation.
- (n) Includes \$100M supplemental for the Republic of the Philippines.
- (o) Includes a supplemental request of \$297M.
- (p) Authorization waived.
- (q) Includes \$50M deobligation/reobligation reappropriation.
- (r) Includes \$12.5M deobligation reobligation reappropriation estimate.
- (s) Includes \$18M deobligation/reobligation reappropriation estimate and a \$500M supplemental for Panama.
- (t) Includes \$20M for Ireland (less \$.145M sequestration pursuant to P.L. 99-177), minus \$50M pursuant to P.L. 101-167 and \$755M supplemental (P.L. 101-302) for Panama, Nicaragua, Namibia, and South Africa
- (u) Includes \$14M reappropriation estimate.
- (v) Includes \$14M reappropriation estimate and \$30.2M transferred to other accounts. Includes \$20M for Ireland.
- (w) Includes \$12M reappropriation estimate.
- (x) Includes \$11M reappropriation estimate.
- (y) In 1995, the President's Budget did not request Economic Support Funds *per se*, but instead requested \$2,434M in democracy and peace activities.
- (z) The FY 1996 President's Budget includes a supplemental FY 1995 request of \$82.3M.
- (aa) Includes supplemental requests of \$200M for West Bank/Gaza; \$50M for Jordan-Wye; \$105M for Kosovo.
- (bb) Net of rescission enacted by the Emergency Steel Loan Guarantee and Emergency Oil and Gas Guarantee Act of 1999 (P.L. 106-51). Net of rescission and inclusive of supplemental funding for emergency security, Kosovo, and Jordan enacted under the 1999 emergency supplemental appropriations acts.
- (cc) Includes \$150M supplemental request for Wye River Agreement.
- (dd) Net of .38% rescission of Miscellaneous Appropriations Act enacted by reference in P.L. 106-113. Also reflects rescission of \$10M pursuant to P.L. 107-20.
- (ee) Net of rescission of Consolidated Appropriations Act, 2001 (P.L. 106-554)
- (ff) Includes \$600M appropriated under P.L. 107-38, the Emergency Response Fund.

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Country/Account Summaries (“Spigots”)

FY 2001

(\$ in thousands)

Countries/Accounts	CSD	DA	ESF	FMF	FSA	IMET	INCLE	MRA	NADR	Peace Corps	PKO	SEED	Other	Total	P.L.480
Africa															
Africa Crisis Response Training	-	-	-	-	-	-	-	-	-	-	15,618	-	-	15,618	-
Africa Regional	36,677	52,787	-	-	-	-	-	-	-	-	-	-	-	89,464	-
Africa Regional Anticrime	-	-	-	-	-	-	7,500	-	-	-	-	-	-	7,500	-
Africa Regional Fund	-	-	11,519	-	-	-	-	-	-	-	-	-	-	11,519	-
Africa Regional Peacekeeping	-	-	-	-	-	-	-	-	-	-	30,882	-	-	30,882	-
African Development Bank	-	-	-	-	-	-	-	-	-	-	-	-	6,087	6,087	-
African Development Foundation	-	-	-	-	-	-	-	-	-	-	-	-	16,080	16,080	-
African Development Fund	-	-	-	-	-	-	-	-	-	-	-	-	99,780	99,780	-
Angola	7,287	2,676	2,491	-	-	-	-	-	2,844	-	-	-	-	15,298	33,481
ATA Regional - Africa	-	-	-	-	-	-	-	-	4,627	-	-	-	-	4,627	-
Benin	10,158	3,723	-	-	-	384	-	-	-	1,862	-	-	-	16,127	4,090
Botswana	-	-	-	1,000	-	663	-	-	-	-	-	-	-	1,663	-
Burkina Faso	-	-	-	-	-	-	-	-	-	1,747	-	-	-	1,747	10,969
Burundi	-	-	-	-	-	-	-	-	-	-	-	-	-	-	9,825
Cameroon	-	-	-	-	-	223	-	-	-	2,637	-	-	-	2,860	-
Cape Verde	-	-	-	-	-	126	-	-	-	1,188	-	-	-	1,314	3,569
Central African Republic	-	-	-	-	-	116	-	-	-	-	-	-	-	116	244
Chad	-	-	-	-	-	173	-	-	300	-	-	-	-	473	4,472
Cote d'Ivoire	-	-	-	-	-	-	-	-	-	2,840	-	-	-	2,840	-
Countries in Transition	-	-	11,350	-	-	-	-	-	-	-	-	-	-	11,350	-
Democratic Republic of Congo	15,337	4,788	-	-	-	-	-	-	-	-	-	-	-	20,125	14,244
Djibouti	-	-	-	100	-	132	-	-	400	-	-	-	-	632	98
Education for Development and Democracy	2,094	13,581	12,466	-	-	-	-	-	-	-	-	-	-	28,141	-
Eritrea	4,516	5,603	-	-	-	155	-	-	1,050	-	-	-	-	11,324	2,830
Ethiopia	26,086	14,561	-	-	-	-	-	-	-	-	-	-	-	40,647	102,979
Gabon	-	-	-	-	-	131	-	-	-	1,963	-	-	-	2,094	-
Gambia	-	-	-	-	-	-	-	-	-	1,435	-	-	-	1,435	82
Ghana	15,419	19,858	4,500	500	-	338	-	-	-	2,320	-	-	-	42,935	18,347
Great Lakes Justice Initiative	-	-	10,978	-	-	-	-	-	-	-	-	-	-	10,978	-
Greater Horn of Africa Initiative	5,514	11,350	-	-	-	-	-	-	-	-	-	-	-	16,864	-
Guinea	9,354	9,168	-	3,000	-	254	-	-	-	2,516	-	-	-	24,292	10,712
Guinea-Bissau	-	-	-	-	-	55	-	-	489	17	-	-	-	561	-
Initiative for Southern Africa	-	1,251	-	-	-	-	-	-	-	-	-	-	-	1,251	-
Kenya	13,272	19,927	-	1,000	-	443	-	-	-	3,397	-	-	-	38,039	48,174
Lesotho	-	-	-	-	-	78	-	-	-	1,865	-	-	-	1,943	-
Liberia	1,850	5,720	-	-	-	-	-	-	-	-	-	-	-	7,570	3,062
Madagascar	4,185	15,183	-	-	-	158	-	-	-	2,227	-	-	-	21,753	5,011
Malawi	14,862	13,150	-	-	-	388	-	-	-	1,764	-	-	-	30,164	1,754
Mali	12,433	22,054	-	200	-	355	-	-	-	2,389	-	-	-	37,431	2,372
Mauritania	-	-	-	-	-	83	-	-	400	1,651	-	-	-	2,134	4,727
Mauritius	-	-	-	-	-	86	-	-	-	-	-	-	-	86	-
Mozambique	12,953	31,469	-	-	-	200	-	-	2,180	1,452	-	-	-	48,254	23,137
MRA Africa	-	-	-	-	-	-	-	190,900	-	-	-	-	-	190,900	-
Namibia	4,383	5,498	-	-	-	193	-	-	40	1,813	-	-	-	11,927	-

Country/Account Summaries (“Spigots”)

FY 2001

(\$ in thousands)

Countries/Accounts	CSD	DA	ESF	FMF	FSA	IMET	INCLE	MRA	NADR	Peace Corps	PKO	SEED	Other	Total	P.L.480
Niger	-	-	-	-	-	102	-	-	-	1,958	-	-	-	2,060	7,076
Nigeria	23,363	30,941	21,608	10,000	-	663	-	-	-	-	-	-	-	86,575	-
Organization of African Unity	-	-	-	100	-	-	-	-	-	-	-	-	-	100	-
Presidential Economic Growth Opportunity	-	-	1,995	-	-	-	-	-	-	-	-	-	-	1,995	-
Regional Organizations	-	-	998	-	-	-	-	-	-	-	-	-	-	998	-
Republic of the Congo	-	-	-	-	-	86	-	-	-	-	-	-	-	86	-
Rwanda	7,167	6,997	-	-	-	-	-	-	400	-	-	-	-	14,564	10,394
SADC Initiative	-	-	998	-	-	-	-	-	-	-	-	-	-	998	-
Safe Skies	-	-	4,995	-	-	-	-	-	-	-	-	-	-	4,995	-
Sao Tome and Principe	-	-	-	-	-	101	-	-	-	-	-	-	-	101	320
Senegal	10,366	13,375	-	800	-	912	-	-	-	2,735	-	-	-	28,188	834
Seychelles	-	-	-	-	-	60	-	-	-	-	-	-	-	60	-
Sierra Leone	1,884	3,116	1,900	-	-	130	-	-	-	-	-	-	-	7,030	32,975
Somalia	500	2,500	-	-	-	-	-	-	1,400	-	-	-	-	4,400	9,702
South Africa	17,362	32,665	-	1,000	-	1,200	-	-	-	2,606	-	-	-	54,833	-
Sudan	1,000	3,500	-	-	-	-	-	-	-	-	-	-	-	4,500	40,888
Swaziland	-	-	-	-	-	98	-	-	-	-	-	-	-	98	-
Tanzania	10,725	10,378	-	-	-	214	-	-	-	2,161	-	-	-	23,478	29,256
Togo	-	-	-	-	-	52	-	-	-	1,612	-	-	-	1,664	-
Trade Initiative	-	15,250	-	-	-	-	-	-	-	-	-	-	-	15,250	-
Uganda	30,680	19,198	-	-	-	-	-	-	-	946	-	-	-	50,824	31,290
West Africa Regional	11,367	17,246	-	-	-	-	-	-	-	-	-	-	-	28,613	-
Zambia	26,838	10,255	-	500	-	181	-	-	700	2,671	-	-	-	41,145	-
Zimbabwe	6,438	6,384	-	-	-	-	-	-	595	941	-	-	-	14,358	-
Total Africa	344,070	424,152	85,798	18,200	-	8,533	7,500	190,900	15,425	50,713	46,500	-	121,947	1,313,738	466,914
East Asia and the Pacific															
Accelerating Economic Recovery in Asia	-	-	4,989	-	-	-	-	-	-	-	-	-	-	4,989	-
ATA Regional - East Asia and the Pacific	-	-	-	-	-	-	-	-	2,198	-	-	-	-	2,198	-
Burma	2,000	993	3,492	-	-	-	-	-	-	-	-	-	-	6,485	-
Cambodia	9,420	-	14,967	-	-	-	-	-	2,469	-	-	-	-	26,856	2,422
China	-	-	-	-	-	-	-	-	-	1,298	-	-	-	1,298	-
Chinese Compensation	-	-	28,000	-	-	-	-	-	-	-	-	-	-	28,000	-
East Asia and Pacific Environmental Initiative	-	-	3,492	-	-	-	-	-	-	-	-	-	-	3,492	-
East Timor	-	-	24,945	1,796	-	-	-	-	-	-	8,500	-	-	35,241	-
Indonesia	19,580	51,483	49,890	-	-	-	-	-	-	-	-	-	-	120,953	12,233
KEDO	-	-	-	-	-	-	-	-	74,879	-	-	-	-	74,879	-
Kiribati	-	-	-	-	-	-	-	-	-	984	-	-	-	984	-
Laos	-	-	-	-	-	-	4,200	-	993	-	-	-	-	5,193	-
Malaysia	-	-	-	-	-	757	-	-	121	-	-	-	-	878	-
Micronesia	-	-	-	-	-	-	-	-	-	1,557	-	-	-	1,557	-
Mongolia	-	-	11,974	1,995	-	750	-	-	-	1,460	-	-	-	16,179	-
MRA East Asia	-	-	-	-	-	-	-	21,223	-	-	-	-	-	21,223	-
North Korea	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,776

Country/Account Summaries (“Spigots”)
FY 2001
(\$ in thousands)

Countries/Accounts	CSD	DA	ESF	FMF	FSA	IMET	INCLE	MRA	NADR	Peace Corps	PKO	SEED	Other	Total	P.L.480
Papua New Guinea	-	-	-	-	-	160	-	-	-	816	-	-	-	976	-
Philippines	9,450	30,334	3,991	1,995	-	1,436	-	-	-	1,843	-	-	-	49,049	-
Regional Democracy	-	-	5,894	-	-	-	-	-	-	-	-	-	-	5,894	-
Regional Security Fund	-	-	249	-	-	-	-	-	-	-	-	-	-	249	-
Regional Women's Issues	-	-	2,994	-	-	-	-	-	-	-	-	-	-	2,994	-
Samoa	-	-	-	-	-	88	-	-	-	1,262	-	-	-	1,350	-
Solomon Islands	-	-	-	-	-	62	-	-	-	50	-	-	-	112	-
South Pacific Fisheries	-	-	14,000	-	-	-	-	-	-	-	-	-	-	14,000	-
Taiwan	-	-	-	-	-	-	-	-	30	-	-	-	-	30	-
Thailand	-	-	-	-	-	1,852	4,095	-	1,300	1,144	-	-	-	8,391	-
Tonga	-	-	-	-	-	100	-	-	-	1,094	-	-	-	1,194	-
Vanuatu	-	-	-	-	-	64	-	-	-	1,128	-	-	-	1,192	-
Vietnam	2,494	2,999	-	-	-	-	-	-	1,650	-	-	-	-	7,143	-
Total East Asia and the Pacific	42,944	85,809	168,877	5,786	-	5,269	8,295	21,223	83,640	12,636	8,500	-	-	442,979	16,431
Europe and Eurasia															
Albania	-	-	-	8,631	-	1,200	-	-	-	-	-	35,123	-	44,954	-
Armenia	-	-	-	-	89,802	-	-	-	1,350	1,219	-	-	-	92,371	742
ATA Regional - Europe/NIS	-	-	-	-	-	-	-	-	10,665	-	-	-	-	10,665	-
Azerbaijan	-	-	-	-	36,024	-	-	-	1,925	-	-	-	-	37,949	2,501
Belarus	-	-	-	-	11,383	-	-	-	-	-	-	-	-	11,383	-
Bosnia and Herzegovina	-	-	-	5,986	-	1,109	-	-	-	-	-	79,824	-	86,919	-
Bulgaria	-	-	-	13,470	-	1,599	-	-	100	1,972	2,500	35,123	-	54,764	-
Central and Eastern European Regional	770	-	-	-	-	-	-	-	-	-	-	-	-	770	-
Croatia	-	-	-	3,991	-	1,032	-	-	-	-	-	44,527	-	49,550	-
Cyprus	-	-	14,967	-	-	-	-	-	100	-	-	-	-	15,067	-
Czech Republic	-	-	-	8,981	-	1,370	-	-	317	-	-	-	-	10,668	-
Estonia	-	-	-	6,186	-	750	-	-	301	739	-	-	-	7,976	-
European Bank for Reconstruction and Development	-	-	-	-	-	-	-	-	-	-	-	-	35,700	35,700	-
Federal Republic of Yugoslavia	-	-	14,256	-	-	-	-	-	-	-	-	172,120	-	186,376	33,978
Georgia	-	-	-	4,490	92,808	481	-	-	1,000	1,172	-	-	-	99,951	9,205
Greece	-	-	-	-	-	25	-	-	-	-	-	-	-	25	-
Hungary	-	-	-	8,981	-	1,394	-	-	371	-	-	-	-	10,746	-
International Fund for Ireland	-	-	24,945	-	-	-	-	-	-	-	-	-	-	24,945	-
Irish Visa Program	-	-	4,989	-	-	-	-	-	-	-	-	-	-	4,989	-
Kazakhstan	200	-	-	1,896	45,699	583	-	-	605	2,206	-	-	-	51,189	-
Kosovo	-	-	-	-	-	-	-	-	-	-	-	149,670	-	149,670	-
Kyrgyz Republic	-	-	-	1,846	32,997	380	-	-	-	1,130	-	-	-	36,353	-
Latvia	-	-	-	5,188	-	815	-	-	260	635	-	-	-	6,898	-
Lithuania	-	-	-	6,486	-	797	-	-	371	586	-	-	-	8,240	-
Lockerbie Trial	-	-	-	-	-	-	-	-	15,000	-	-	-	-	15,000	-
Macedonia	-	-	-	13,619	-	741	-	-	215	728	4,100	33,523	-	52,926	-
Malta	-	-	-	2,993	-	136	-	-	5,130	-	-	-	-	8,259	-
Moldova	-	-	-	1,497	44,803	630	-	-	-	1,436	-	-	-	48,366	-
MRA Europe	-	-	-	-	-	-	-	104,153	-	-	-	-	-	104,153	-

Country/Account Summaries (“Spigots”)

FY 2001

(\$ in thousands)

Countries/Accounts	CSD	DA	ESF	FMF	FSA	IMET	INCLE	MRA	NADR	Peace Corps	PKO	SEED	Other	Total	P.L.480
NIS Regional Export Controls	-	-	-	-	-	-	-	-	470	-	-	-	-	470	-
OSCE Bosnia	-	-	-	-	-	-	-	-	-	-	19,800	-	-	19,800	-
OSCE Croatia	-	-	-	-	-	-	-	-	-	-	2,900	-	-	2,900	-
OSCE Kosovo	-	-	-	-	-	-	-	-	-	-	11,000	-	-	11,000	-
OSCE Regional - Europe	-	-	-	-	-	-	-	-	-	-	14,221	-	-	14,221	-
Poland	-	-	-	12,274	-	1,318	-	-	645	967	-	-	-	15,204	-
Portugal	-	-	-	-	-	594	-	-	-	-	-	-	-	594	-
Regional FSA	550	-	-	-	75,450	-	-	-	-	-	-	-	-	76,000	-
Regional SEED	-	-	-	-	-	-	-	-	-	-	-	86,013	-	86,013	-
Romania	-	-	-	16,962	-	1,544	-	-	394	2,287	-	38,415	-	59,602	-
Russia	3,543	-	-	-	159,861	156	-	-	1,500	4,131	-	-	-	169,191	-
Science Centers/Bio Redirection	-	-	-	-	-	-	-	-	35,000	-	-	-	-	35,000	-
Slovakia	-	-	-	10,777	-	992	-	-	125	1,210	-	-	-	13,104	-
Slovenia	-	-	-	5,487	-	1,022	-	-	130	-	-	-	-	6,639	-
Tajikistan	-	-	-	-	16,735	-	-	-	-	-	-	-	-	16,735	12,631
Turkey	-	-	-	-	-	1,689	-	-	100	-	-	-	-	1,789	-
Turkmenistan	-	-	-	699	6,275	258	-	-	-	1,490	-	-	-	8,722	-
Ukraine	1,019	-	-	3,991	171,581	1,443	-	-	770	2,954	1,200	-	-	182,958	-
Uzbekistan	700	-	-	2,445	24,800	494	-	-	330	1,830	-	-	-	30,599	-
Total Europe and Eurasia	6,782	-	59,157	146,876	808,218	22,552	-	104,153	77,174	26,692	55,721	674,338	35,700	2,017,363	59,057
Near East															
Algeria	-	-	-	-	-	121	-	-	-	-	-	-	-	121	-
ATA Regional - Near East Asia	-	-	-	-	-	-	-	-	5,460	-	-	-	-	5,460	-
Bahrain	-	-	-	-	-	249	-	-	-	-	-	-	-	249	-
Egypt	-	-	693,471	1,297,140	-	1,119	-	-	-	-	-	-	-	1,991,730	323
Iraq Opposition	-	-	24,945	-	-	-	-	-	-	-	-	-	-	24,945	-
Israel	-	-	838,152	1,975,644	-	-	-	-	-	-	-	-	-	2,813,796	-
Jordan	-	-	149,670	74,835	-	1,700	-	-	947	1,521	-	-	-	228,673	-
Lebanon	-	600	34,923	-	-	546	-	-	1,000	-	-	-	-	37,069	-
Middle East Democracy	-	-	3,991	-	-	-	-	-	-	-	-	-	-	3,991	-
Middle East Fact Finding	-	-	2,793	-	-	-	-	-	-	-	-	-	-	2,793	-
Middle East Multilaterals	-	-	2,994	-	-	-	-	-	-	-	-	-	-	2,994	-
Middle East Regional Cooperation	-	-	4,989	-	-	-	-	-	-	-	-	-	-	4,989	-
Morocco	4,902	5,685	-	2,495	-	999	-	-	-	2,252	-	-	-	16,333	591
MRA Near East	-	-	-	-	-	-	-	106,959	-	-	-	-	-	106,959	-
MRA Refugees to Israel	-	-	-	-	-	-	-	59,868	-	-	-	-	-	59,868	-
Multinational Force and Observers	-	-	-	-	-	-	-	-	-	-	16,000	-	-	16,000	-
Oman	-	-	-	-	-	250	-	-	273	-	-	-	-	523	-
Saudi Arabia	-	-	-	-	-	-	-	-	10	-	-	-	-	10	-
Tunisia	-	-	-	3,493	-	968	-	-	-	-	-	-	-	4,461	-
U.S. North Africa Economic Partnership	-	-	3,991	-	-	-	-	-	-	-	-	-	-	3,991	-
United Arab Emirates	-	-	-	-	-	-	-	-	340	-	-	-	-	340	-
West Bank/Gaza	-	-	70,557	-	-	-	-	-	-	-	-	-	-	70,557	-
Yemen	-	-	3,991	-	-	198	-	-	1,163	-	-	-	-	5,352	-
Total Near East	4,902	6,285	1,834,467	3,353,607	-	6,150	-	166,827	9,193	3,773	16,000	-	-	5,401,204	914

Country/Account Summaries (“Spigots”)

FY 2001

(\$ in thousands)

Countries/Accounts	CSD	DA	ESF	FMF	FSA	IMET	INCLE	MRA	NADR	Peace Corps	PKO	SEED	Other	Total	P.L.480
South Asia															
Afghanistan	-	-	-	-	-	-	-	-	2,800	-	-	-	-	2,800	29,295
ATA Regional - South Asia	-	-	-	-	-	-	-	-	2,515	-	-	-	-	2,515	-
Bangladesh	15,500	42,050	-	-	-	507	-	-	-	908	-	-	-	58,965	67,658
India	24,593	28,805	4,989	-	-	498	-	-	892	-	-	-	-	59,777	78,064
Maldives	-	-	-	-	-	110	-	-	-	-	-	-	-	110	-
MRA South Asia	-	-	-	-	-	-	-	35,840	-	-	-	-	-	35,840	-
Nepal	9,250	11,858	-	-	-	237	-	-	-	1,735	-	-	-	23,080	-
Pakistan	-	-	-	-	-	-	3,500	-	-	-	-	-	-	3,500	1,855
South Asia Democracy	-	-	4,989	-	-	-	-	-	-	-	-	-	-	4,989	-
South Asia Energy and Environment	-	-	3,492	-	-	-	-	-	-	-	-	-	-	3,492	-
South Asia Regional Stability Fund	-	-	998	-	-	-	-	-	-	-	-	-	-	998	-
Sri Lanka	300	3,399	-	-	-	252	-	-	-	-	-	-	-	3,951	-
Women and Children Support Fund	-	-	4,490	-	-	-	-	-	-	-	-	-	-	4,490	-
Total South Asia	49,643	86,112	18,958	-	-	1,604	3,500	35,840	6,207	2,643	-	-	-	204,507	176,872
Western Hemisphere															
Administration of Justice	-	-	6,985	-	-	-	-	-	-	-	-	-	-	6,985	-
Argentina	-	-	-	998	-	846	-	-	-	-	-	-	-	1,844	-
ATA Regional - Western Hemisphere	-	-	-	-	-	-	-	-	4,744	-	-	-	-	4,744	-
Bahamas	-	-	-	139	-	110	1,200	-	-	-	-	-	-	1,449	-
Belize	-	-	-	200	-	223	-	-	-	1,396	-	-	-	1,819	-
Bolivia	6,598	25,098	1,995	-	-	665	52,000	-	-	2,925	-	-	-	89,281	15,918
Brazil	7,883	7,318	-	-	-	241	2,000	-	-	-	-	-	-	17,442	-
Caribbean Regional	1,497	-	-	-	-	-	-	-	-	-	-	-	-	1,497	-
Central American Regional Development	3,692	9,030	-	-	-	-	-	-	-	-	-	-	-	12,722	-
Chile	-	-	-	-	-	550	-	-	-	-	-	-	-	550	-
Colombia	-	-	-	-	-	1,040	48,000	-	-	-	-	-	-	49,040	-
Costa Rica	-	-	-	-	-	297	-	-	-	485	-	-	-	782	-
Cuba	-	-	4,989	-	-	-	-	-	-	-	-	-	-	4,989	-
Dominican Republic	6,385	8,800	3,492	649	-	513	-	-	-	3,342	-	-	-	23,181	1,525
Eastern Caribbean	-	-	6,985	1,996	-	448	-	-	-	2,135	-	-	-	11,564	-
Ecuador	-	8,184	5,491	-	-	550	2,200	-	963	2,639	-	-	-	20,027	-
El Salvador	14,557	31,807	4,989	-	-	653	-	-	-	2,228	-	-	-	54,234	1,459
Guatemala	6,905	16,937	13,969	-	-	291	3,000	-	-	3,262	-	-	-	44,364	16,036
Guyana	798	3,800	-	124	-	192	-	-	-	773	-	-	-	5,687	-
Haiti	-	-	46,894	-	-	-	-	-	-	1,323	-	-	-	48,217	25,111
Honduras	8,936	16,789	998	-	-	546	-	-	-	3,825	-	-	-	31,094	5,270
Inter-American Development Bank - Multilateral Investment Fund	-	-	-	-	-	-	-	-	-	-	-	-	9,978	9,978	-
Inter-American Foundation	-	-	-	-	-	-	-	-	-	-	-	-	12,147	12,147	-
Inter-American Investment Corporation	-	-	-	-	-	-	-	-	-	-	-	-	24,945	24,945	-
Jamaica	4,116	7,685	1,497	584	-	465	257	-	-	2,008	-	-	-	16,612	-
LAC Regional	14,780	27,284	-	-	-	-	-	-	-	-	-	-	-	42,064	-
Latin America Regional	-	-	-	-	-	-	8,537	-	-	-	-	-	-	8,537	-

Country/Account Summaries (“Spigots”)

FY 2001

(\$ in thousands)

Countries/Accounts	CSD	DA	ESF	FMF	FSA	IMET	INCLE	MRA	NADR	Peace Corps	PKO	SEED	Other	Total	P.L.480
Mexico	5,987	7,885	6,178	-	-	1,000	10,000	-	-	-	-	-	-	31,050	-
MRA Western Hemisphere	-	-	-	-	-	-	-	13,626	-	-	-	-	-	13,626	-
Nicaragua	7,006	16,390	1,499	-	-	222	-	-	-	2,327	-	-	-	27,444	7,808
OAS Development Assistance Programs	-	-	-	-	-	-	-	-	-	-	-	-	5,500	5,500	-
OAS Fund for Strengthening Democracy	-	-	-	-	-	-	-	-	-	-	-	-	2,500	2,500	-
OAS/IADB Central America Demining	-	-	-	-	-	-	-	-	1,350	-	-	-	-	1,350	-
Panama	-	3,700	998	-	-	131	1,363	-	-	2,021	-	-	-	8,213	-
Paraguay	-	6,320	3,492	-	-	238	-	-	-	3,157	-	-	-	13,207	-
Peru	9,603	28,488	2,203	-	-	509	48,000	-	861	-	-	-	-	89,664	40,036
Peru-Ecuador Peace	-	-	6,985	-	-	-	-	-	-	-	-	-	-	6,985	-
Suriname	-	-	-	-	-	107	-	-	-	744	-	-	-	851	-
Trinidad and Tobago	-	-	-	300	-	122	-	-	-	-	-	-	-	422	-
Uruguay	-	-	-	-	-	398	-	-	-	-	-	-	-	398	-
Venezuela	-	-	-	-	-	485	1,200	-	-	-	-	-	-	1,685	-
W. Hemisphere Regional Democracy	-	-	599	-	-	-	-	-	-	-	-	-	-	599	-
Total Western Hemisphere	98,743	225,515	120,238	4,990	-	10,842	177,757	13,626	7,918	34,590	-	-	55,070	749,289	113,163
Global															
Asia Regional	-	-	-	-	-	-	2,233	-	-	-	-	-	-	2,233	-
Asia-Near East Regional	13,044	44,601	-	-	-	-	-	-	-	-	-	-	-	57,645	-
Asian Development Fund	-	-	-	-	-	-	-	-	-	-	-	-	71,842	71,842	-
ATA Program Equipment	-	-	-	-	-	-	-	-	400	-	-	-	-	400	-
ATA Program Management	-	-	-	-	-	-	-	-	6,141	-	-	-	-	6,141	-
ATA WMD Preparedness Program	-	-	-	-	-	-	-	-	1,250	-	-	-	-	1,250	-
Civilian Police Program	-	-	-	-	-	-	10,000	-	-	-	-	-	-	10,000	-
CTBT International Monitoring System	-	-	-	-	-	-	-	-	17,598	-	-	-	-	17,598	-
Debt Restructuring	-	-	-	-	-	-	-	-	-	-	-	-	447,014	447,014	-
Demining Administrative Expenses	-	-	-	-	-	-	-	-	500	-	-	-	-	500	-
Demining Crosscutting Initiatives	-	-	-	-	-	-	-	-	6,661	-	-	-	-	6,661	-
Demining Mine Surveys	-	-	-	-	-	-	-	-	2,000	-	-	-	-	2,000	-
Demining Research and Training	-	-	-	-	-	-	-	-	1,404	-	-	-	-	1,404	-
Development Credit Program - Admin. Exp.	-	-	-	-	-	-	-	-	-	-	-	-	3,991	3,991	-
Development Credit Program Subsidy - Appropriation	-	-	-	-	-	-	-	-	-	-	-	-	1,497	1,497	-
E-IMET Schools	-	-	-	-	-	1,800	-	-	-	-	-	-	-	1,800	-
Enhanced International Peacekeeping Capabilities	-	-	-	5,986	-	-	-	-	-	-	-	-	-	5,986	-
Export Control Program Administration	-	-	-	-	-	-	-	-	643	-	-	-	-	643	-
Export Control Regional Advisors	-	-	-	-	-	-	-	-	2,945	-	-	-	-	2,945	-
Export-Import Bank - Administrative Expenses	-	-	-	-	-	-	-	-	-	-	-	-	63,801	63,801	-
Export-Import Bank - Direct Loans, Negative Subsidies	-	-	-	-	-	-	-	-	-	-	-	-	(21,144)	(21,144)	-
Export-Import Bank - Loan Subsidy	-	-	-	-	-	-	-	-	-	-	-	-	863,097	863,097	-
FMF Administrative Costs	-	-	-	32,928	-	-	-	-	-	-	-	-	-	32,928	-

Country/Account Summaries (“Spigots”)

FY 2001

(\$ in thousands)

Countries/Accounts	CSD	DA	ESF	FMF	FSA	IMET	INCLE	MRA	NADR	Peace Corps	PKO	SEED	Other	Total	P.L.480
General Costs	-	-	-	-	-	998	-	-	-	-	-	-	-	998	-
Global Environment Facility	-	-	-	-	-	-	-	-	-	-	-	-	107,762	107,762	-
Global Programs, Field Support & Research	237,657	324,536	-	-	-	-	-	-	-	-	-	-	-	562,193	-
Human Rights and Democracy Funds	-	-	13,421	-	-	-	-	-	-	-	-	-	-	13,421	-
Humanitarian Response	31,618	65,826	-	-	-	-	-	-	-	-	-	-	-	97,444	-
INL Anticrime Programs	-	-	-	-	-	-	21,950	-	-	-	-	-	-	21,950	-
International Atomic Energy Agency Voluntary Contribution	-	-	-	-	-	-	-	-	50,458	-	-	-	-	50,458	-
International Civil Aviation Organization	-	-	-	-	-	-	-	-	-	-	-	-	300	300	-
International Conservation Programs	-	-	-	-	-	-	-	-	-	-	-	-	5,450	5,450	-
International Contributions for Scientific, Educational, and Cultural Activities	-	-	-	-	-	-	-	-	-	-	-	-	1,750	1,750	-
International Development Association	-	-	-	-	-	-	-	-	-	-	-	-	773,295	773,295	-
International Disaster Assistance	-	-	-	-	-	-	-	-	-	-	-	-	299,340	299,340	-
International Fund for Agricultural Development	-	-	-	-	-	-	-	-	-	-	-	-	4,989	4,989	-
International Law Enforcement Academies	-	-	-	-	-	-	7,300	-	-	-	-	-	-	7,300	-
International Organizations	-	-	-	-	-	-	12,000	-	-	-	-	-	-	12,000	-
International Organizations/Partnerships	209,758	-	-	-	-	-	-	-	-	-	-	-	-	209,758	-
International Panel on Climate Change/UN Framework Convention on Climate Change	-	-	-	-	-	-	-	-	-	-	-	-	6,500	6,500	-
Interregional Aviation Support	-	-	-	-	-	-	50,000	-	-	-	-	-	-	50,000	-
Micro and Small Enterprise Development - Admin. Exp.	-	-	-	-	-	-	-	-	-	-	-	-	499	499	-
Micro and Small Enterprise Development - Subsidy	-	-	-	-	-	-	-	-	-	-	-	-	1,497	1,497	-
Montreal Protocol Multilateral Fund	-	-	-	-	-	-	-	-	-	-	-	-	26,000	26,000	-
MRA Administrative Expenses	-	-	-	-	-	-	-	15,010	-	-	-	-	-	15,010	-
MRA Multiregional Activities	-	-	-	-	-	-	-	58,569	-	-	-	-	-	58,569	-
MRA Refugee Admissions	-	-	-	-	-	-	-	92,854	-	-	-	-	-	92,854	-
Multilateral Investment Guarantee Agency	-	-	-	-	-	-	-	-	-	-	-	-	9,978	9,978	-
NADR Regional Export Controls	-	-	-	-	-	-	-	-	390	-	-	-	-	390	-
Non-Proliferation and Disarmament Fund	-	-	-	-	-	-	-	-	14,967	-	-	-	-	14,967	-
Oceans, Environmental and Science Initiative	-	-	4,989	-	-	-	-	-	-	-	-	-	-	4,989	-
OPIC - Administrative Expenses	-	-	-	-	-	-	-	-	-	-	-	-	38,487	38,487	-
OPIC - Credit Funding	-	-	-	-	-	-	-	-	-	-	-	-	23,947	23,947	-
OPIC - Net Offsetting Collections	-	-	-	-	-	-	-	-	-	-	-	-	(268,167)	(268,167)	-
Partnership to Eliminate Sweatshops	-	-	3,991	-	-	-	-	-	-	-	-	-	-	3,991	-
Peace Corps Other	-	-	-	-	-	-	-	-	-	136,228	-	-	-	136,228	-
Policy Initiatives	8,646	6,706	5,000	-	-	-	-	-	-	-	-	-	-	20,352	(526)
Prepositioned Stocks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,334
Program & Policy Coordination	3,074	4,648	-	-	-	-	-	-	-	-	-	-	-	7,722	-
Program Development and Support	-	-	-	-	-	-	12,187	-	-	-	-	-	-	12,187	-

Country/Account Summaries (“Spigots”)

FY 2001

(\$ in thousands)

Countries/Accounts	CSD	DA	ESF	FMF	FSA	IMET	INCLE	MRA	NADR	Peace Corps	PKO	SEED	Other	Total	P.L.480
Regional Narc. Training and Demand Reduction	-	-	-	-	-	-	5,000	-	-	-	-	-	-	5,000	-
Small Arms Destruction	-	-	-	-	-	-	-	-	2,000	-	-	-	-	2,000	-
Systems Support and Upgrades	-	-	-	-	-	-	4,000	-	-	-	-	-	-	4,000	-
Terrorist Interdiction Program	-	-	-	-	-	-	-	-	4,000	-	-	-	-	4,000	-
Trade and Development Agency	-	-	-	-	-	-	-	-	-	-	-	-	50,023	50,023	-
Trafficking in Persons	-	-	-	-	-	-	3,250	-	-	-	-	-	-	3,250	-
Transition Initiatives	-	-	-	-	-	-	-	-	-	-	-	-	49,890	49,890	-
Treasury Technical Assistance	-	-	-	-	-	-	-	-	-	-	-	-	5,987	5,987	-
U.S. Emergency Refugee and Migration Assistance Fund	-	-	-	-	-	-	-	-	-	-	-	-	14,967	14,967	-
UN Development Fund for Women	-	-	-	-	-	-	-	-	-	-	-	-	1,000	1,000	-
UN Development Program	-	-	-	-	-	-	-	-	-	-	-	-	87,091	87,091	-
UN Environment Program	-	-	-	-	-	-	-	-	-	-	-	-	10,000	10,000	-
UN Population Fund	-	-	-	-	-	-	-	-	-	-	-	-	25,000	25,000	-
UN Voluntary Fund for Technical Cooperation in the Field of Human Rights	-	-	-	-	-	-	-	-	-	-	-	-	1,500	1,500	-
UN Voluntary Fund for Victims of Torture	-	-	-	-	-	-	-	-	-	-	-	-	5,000	5,000	-
USAID Inspector General Operating Expenses	-	-	-	-	-	-	-	-	-	-	-	-	28,024	28,024	-
USAID Operating Expenses	-	-	-	-	-	-	-	-	-	-	-	-	543,160	543,160	-
World Food Program	-	-	-	-	-	-	-	-	-	-	-	-	5,000	5,000	-
World Meteorological Organization	-	-	-	-	-	-	-	-	-	-	-	-	2,000	2,000	-
World Trade Organization	-	-	-	-	-	-	-	-	-	-	-	-	1,000	1,000	-
Total Global	503,797	446,317	27,401	38,914	-	2,798	127,920	166,433	111,357	136,228	-	-	3,291,367	4,852,532	1,808
Total FY 2001	1,050,881	1,274,190	2,314,896	3,568,373	808,218	57,748	324,972	699,002	310,914	267,275	126,721	674,338	3,504,084	14,981,612	835,159
Emergency Response Fund															
Export-Import Bank - Administrative Expenses	-	-	-	-	-	-	-	-	-	-	-	-	75	75	-
Peace Corps Other	-	-	-	-	-	-	-	-	-	2,600	-	-	-	2,600	-
USAID Operating Expenses	-	-	-	-	-	-	-	-	-	-	-	-	2,400	2,400	-
Total Emergency Response Fund	-	-	-	-	-	-	-	-	-	2,600	-	-	2,475	5,075	-

Country/Account Summaries (“Spigots”)
FY 2002
(\$ in thousands)

Countries/Accounts	CSD	DA	ESF	FMF	FSA	IMET	INCLE	MRA	NADR	Peace Corps	PKO	SEED	Other	Total	P.L.480
Africa															
Africa Crisis Response Training	-	-	-	-	-	-	-	-	-	-	15,000	-	-	15,000	-
Africa Regional	37,822	116,172	-	-	-	-	-	-	-	-	-	-	-	153,994	-
Africa Regional Anticrime	-	-	-	-	-	-	7,500	-	-	-	-	-	-	7,500	-
Africa Regional Fund	-	-	29,000	-	-	-	-	-	-	-	-	-	-	29,000	-
Africa Regional Peacekeeping	-	-	-	-	-	-	-	-	-	-	41,000	-	-	41,000	-
African Development Bank	-	-	-	-	-	-	-	-	-	-	-	-	5,100	5,100	-
African Development Foundation	-	-	-	-	-	-	-	-	-	-	-	-	16,680	16,680	-
African Development Fund	-	-	-	-	-	-	-	-	-	-	-	-	100,000	100,000	-
Agriculture Initiative	-	5,000	-	-	-	-	-	-	-	-	-	-	-	5,000	-
Angola	6,975	3,758	-	-	-	100	-	-	2,800	-	-	-	-	13,633	3,386
Anti-Corruption Initiative	-	300	-	-	-	-	-	-	-	-	-	-	-	300	-
ATA Regional - Africa	-	-	-	-	-	-	-	-	1,301	-	-	-	-	1,301	-
Benin	6,738	7,862	-	-	-	400	-	-	-	2,102	-	-	-	17,102	3,998
Botswana	-	-	-	1,000	-	580	-	-	-	-	-	-	-	1,580	-
Burkina Faso	-	-	-	-	-	-	-	-	-	1,868	-	-	-	1,868	2,811
Burundi	500	3,000	-	-	-	-	-	-	-	-	-	-	-	3,500	-
Cameroon	-	-	-	-	-	190	-	-	-	2,876	-	-	-	3,066	-
Cape Verde	-	-	-	-	-	120	-	-	-	1,238	-	-	-	1,358	3,150
Central African Republic	-	-	-	-	-	110	-	-	-	-	-	-	-	110	-
Chad	-	-	-	-	-	130	-	-	350	-	-	-	-	480	1,254
Cote d'Ivoire	-	-	-	-	-	-	-	-	-	3,074	-	-	-	3,074	-
Countries in Transition	-	-	40,000	-	-	-	-	-	-	-	-	-	-	40,000	-
Democratic Republic of Congo	17,328	3,965	-	-	-	-	-	-	-	-	-	-	-	21,293	1,219
Djibouti	-	-	-	-	-	160	-	-	290	-	-	-	-	450	-
Education for Development and Democracy	-	17,000	15,000	-	-	-	-	-	-	-	-	-	-	32,000	-
Equatorial Guinea	-	-	-	-	-	50	-	-	-	-	-	-	-	50	-
Eritrea	4,800	5,538	-	250	-	375	-	-	1,230	-	-	-	-	12,193	-
Ethiopia	26,507	19,445	-	250	-	475	-	-	1,100	-	-	-	-	47,777	12,938
Gabon	-	-	-	-	-	160	-	-	-	2,131	-	-	-	2,291	-
Gambia	-	-	-	-	-	-	-	-	-	1,612	-	-	-	1,612	-
Ghana	19,455	15,063	-	400	-	470	-	-	-	2,462	-	-	-	37,850	11,544
Greater Horn of Africa Initiative	12,075	10,383	-	-	-	-	-	-	-	-	-	-	-	22,458	-
Guinea	5,650	12,942	-	-	-	250	-	-	-	2,567	-	-	-	21,409	3,331
Guinea-Bissau	-	-	-	-	-	50	-	-	-	-	-	-	-	50	-
Initiative for Southern Africa	-	17,367	-	-	-	-	-	-	-	-	-	-	-	17,367	-
Kenya	27,763	12,347	-	-	-	600	-	-	-	3,312	-	-	-	44,022	9,861
Lesotho	-	-	-	-	-	100	-	-	-	2,357	-	-	-	2,457	-
Liberia	2,000	3,225	-	-	-	-	-	-	-	-	-	-	-	5,225	1,294
Madagascar	8,975	9,240	-	-	-	170	-	-	-	2,464	-	-	-	20,849	9,032
Malawi	15,615	13,028	-	-	-	360	-	-	-	2,174	-	-	-	31,177	4,099
Mali	13,321	19,435	-	-	-	325	-	-	-	2,680	-	-	-	35,761	-
Mauritania	-	-	-	-	-	100	-	-	-	1,821	-	-	-	1,921	-
Mauritius	-	-	-	-	-	100	-	-	-	-	-	-	-	100	-
Mozambique	19,277	21,681	-	-	-	215	-	-	2,210	1,417	-	-	-	44,800	7,361

Country/Account Summaries (“Spigots”)

FY 2002

(\$ in thousands)

Countries/Accounts	CSD	DA	ESF	FMF	FSA	IMET	INCLE	MRA	NADR	Peace Corps	PKO	SEED	Other	Total	P.L.480
MRA Africa	-	-	-	-	-	-	-	195,600	-	-	-	-	-	195,600	-
Namibia	500	6,258	-	-	-	200	-	-	65	2,036	-	-	-	9,059	-
Niger	-	-	-	-	-	110	-	-	-	2,115	-	-	-	2,225	7,833
Nigeria	37,066	18,548	-	6,000	-	750	-	-	-	-	-	-	-	62,364	-
Regional Organizations	-	-	4,000	-	-	-	-	-	-	-	-	-	-	4,000	-
Republic of the Congo	-	-	-	-	-	110	-	-	-	-	-	-	-	110	-
Rwanda	10,300	5,311	-	-	-	100	-	-	450	-	-	-	-	16,161	9,076
Safe Skies	-	-	3,000	-	-	-	-	-	-	-	-	-	-	3,000	-
Sao Tome and Principe	-	-	-	-	-	85	-	-	-	-	-	-	-	85	-
Senegal	14,405	13,350	-	400	-	850	-	-	-	3,105	-	-	-	32,110	-
Seychelles	-	-	-	-	-	75	-	-	-	-	-	-	-	75	-
Sierra Leone	325	3,417	9,000	-	-	200	-	-	-	-	-	-	-	12,942	13,589
Somalia	500	2,467	-	-	-	-	-	-	1,200	-	-	-	-	4,167	12,866
South Africa	20,625	33,849	-	6,700	-	1,450	-	-	-	2,575	-	-	-	65,199	-
Sudan	500	10,881	-	-	-	-	-	-	-	-	-	-	-	11,381	868
Swaziland	-	-	-	-	-	100	-	-	-	-	-	-	-	100	-
Tanzania	16,700	8,124	-	-	-	200	-	-	-	2,656	-	-	-	27,680	1,590
Togo	-	-	-	-	-	75	-	-	-	1,946	-	-	-	2,021	-
Trade Initiative	-	5,000	-	-	-	-	-	-	-	-	-	-	-	5,000	-
Uganda	34,150	22,724	-	-	-	100	-	-	-	1,070	-	-	-	58,044	10,410
West Africa Regional	21,048	5,798	-	-	-	-	-	-	-	-	-	-	-	26,846	-
Zambia	30,830	11,822	-	-	-	190	-	-	800	2,921	-	-	-	46,563	87
Zimbabwe	9,473	1,700	-	-	-	-	-	-	300	490	-	-	-	11,963	-
Total Africa	421,223	466,000	100,000	15,000	-	10,185	7,500	195,600	12,096	55,069	56,000	-	121,780	1,460,453	131,597
East Asia and the Pacific															
ATA Regional - East Asia and the Pacific	-	-	-	-	-	-	-	-	2,523	-	-	-	-	2,523	-
Burma	-	-	6,500	-	-	-	-	-	-	-	-	-	-	6,500	-
Cambodia	15,000	-	20,000	-	-	-	-	-	2,290	-	-	-	-	37,290	-
China	-	-	-	-	-	-	-	-	-	1,559	-	-	-	1,559	-
China Rule of Law	-	-	5,000	-	-	-	-	-	-	-	-	-	-	5,000	-
East Asia and Pacific Environmental Initiative	-	-	3,500	-	-	-	-	-	-	-	-	-	-	3,500	-
East Timor	-	-	25,000	1,000	-	50	-	-	-	-	8,000	-	-	34,050	-
Indonesia	35,568	38,704	50,000	-	-	400	-	-	-	-	-	-	-	124,672	4,831
KEDO	-	-	-	-	-	-	-	-	90,500	-	-	-	-	90,500	-
Kiribati	-	-	-	-	-	-	-	-	-	1,025	-	-	-	1,025	-
Laos	1,000	1,000	-	-	-	50	4,200	-	1,328	-	-	-	-	7,578	-
Malaysia	-	-	-	-	-	700	-	-	150	-	-	-	-	850	-
Micronesia	-	-	-	-	-	-	-	-	-	1,642	-	-	-	1,642	-
Mongolia	-	-	12,000	2,000	-	650	-	-	-	1,816	-	-	-	16,466	-
MRA East Asia	-	-	-	-	-	-	-	15,800	-	-	-	-	-	15,800	-
Papua New Guinea	-	-	-	-	-	200	-	-	-	-	-	-	-	200	-
Philippines	25,599	24,459	21,000	19,000	-	2,000	-	-	-	2,436	-	-	-	94,494	-
Regional Democracy	-	-	5,000	-	-	-	-	-	-	-	-	-	-	5,000	-
Regional Security Fund	-	-	250	-	-	-	-	-	-	-	-	-	-	250	-

Country/Account Summaries (“Spigots”)

FY 2002

(\$ in thousands)

Countries/Accounts	CSD	DA	ESF	FMF	FSA	IMET	INCLE	MRA	NADR	Peace Corps	PKO	SEED	Other	Total	P.L.480
Regional Women's Issues	-	-	4,000	-	-	-	-	-	-	-	-	-	-	4,000	-
Samoa	-	-	-	-	-	120	-	-	-	1,252	-	-	-	1,372	-
Solomon Islands	-	-	-	-	-	150	-	-	-	23	-	-	-	173	-
South Pacific Fisheries	-	-	14,000	-	-	-	-	-	-	-	-	-	-	14,000	-
Thailand	1,000	750	-	1,300	-	1,650	4,000	-	720	1,446	-	-	-	10,866	-
Tonga	-	-	-	-	-	115	-	-	-	1,004	-	-	-	1,119	-
Vanuatu	-	-	-	-	-	100	-	-	-	1,127	-	-	-	1,227	-
Vietnam	4,106	6,950	-	-	-	50	-	-	1,500	-	-	-	-	12,606	-
Total East Asia and the Pacific	82,273	71,863	166,250	23,300	-	6,235	8,200	15,800	99,011	13,330	8,000	-	-	494,262	4,831
Europe and Eurasia															
Albania	-	-	-	4,000	-	800	-	-	15	-	-	35,000	-	39,815	-
Armenia	-	-	-	4,000	89,725	400	-	-	1,470	1,441	-	-	-	97,036	-
ATA Regional - Europe/NIS	-	-	-	-	-	-	-	-	13,616	-	-	-	-	13,616	-
Azerbaijan	-	-	-	4,000	43,310	400	-	-	1,480	-	-	-	-	49,190	582
Belarus	-	-	-	-	10,072	-	-	-	-	-	-	-	-	10,072	-
Bosnia and Herzegovina	-	-	-	2,250	-	800	-	-	-	-	-	65,000	-	68,050	-
Bulgaria	-	-	-	8,500	-	1,200	-	-	410	2,296	-	34,000	-	46,406	-
Croatia	-	-	-	5,000	-	600	-	-	85	-	-	44,000	-	49,685	-
Cyprus	-	-	15,000	-	-	-	-	-	55	-	-	-	-	15,055	-
Czech Republic	-	-	-	10,000	-	1,800	-	-	200	-	-	-	-	12,000	-
Estonia	-	-	-	6,250	-	1,000	-	-	268	486	-	-	-	8,004	-
European Bank for Reconstruction and Development	-	-	-	-	-	-	-	-	-	-	-	-	35,779	35,779	-
Federal Republic of Yugoslavia	-	-	-	-	-	-	-	-	31	-	-	165,000	-	165,031	-
Georgia	-	-	-	11,000	89,010	850	-	-	1,100	1,224	-	-	-	103,184	-
Greece	-	-	-	-	-	500	-	-	-	-	-	-	-	500	-
Hungary	-	-	-	10,000	-	1,800	-	-	240	-	-	-	-	12,040	-
International Fund for Ireland	-	-	25,000	-	-	-	-	-	-	-	-	-	-	25,000	-
Irish Visa Program	-	-	5,000	-	-	-	-	-	-	-	-	-	-	5,000	-
Kazakhstan	-	-	-	2,750	45,015	800	-	-	370	3,027	-	-	-	51,962	-
Kosovo	-	-	-	-	-	-	-	-	-	-	-	118,000	-	118,000	-
Kyrgyz Republic	-	-	-	2,000	34,988	600	-	-	-	862	-	-	-	38,450	-
Latvia	-	-	-	6,250	-	1,000	-	-	1,113	413	-	-	-	8,776	-
Lithuania	-	-	-	6,593	-	1,000	-	-	748	365	-	-	-	8,706	-
Macedonia	-	-	-	10,500	-	550	-	-	180	294	-	49,500	-	61,024	-
Malta	-	-	-	-	-	300	-	-	119	-	-	-	-	419	-
Moldova	-	-	-	1,250	35,416	850	-	-	-	1,855	-	-	-	39,371	-
MRA Europe	-	-	-	-	-	-	-	88,000	-	-	-	-	-	88,000	-
NIS Regional Export Controls	-	-	-	-	-	-	-	-	499	-	-	-	-	499	-
OSCE Bosnia	-	-	-	-	-	-	-	-	-	-	20,500	-	-	20,500	-
OSCE Croatia	-	-	-	-	-	-	-	-	-	-	3,300	-	-	3,300	-
OSCE Kosovo	-	-	-	-	-	-	-	-	-	-	14,500	-	-	14,500	-
OSCE Regional - Europe	-	-	-	-	-	-	-	-	-	-	16,300	-	-	16,300	-
Poland	-	-	-	12,000	-	1,900	-	-	300	-	-	-	-	14,200	-
Portugal	-	-	-	-	-	750	-	-	-	-	-	-	-	750	-

Country/Account Summaries (“Spigots”)

FY 2002

(\$ in thousands)

Countries/Accounts	CSD	DA	ESF	FMF	FSA	IMET	INCLE	MRA	NADR	Peace Corps	PKO	SEED	Other	Total	P.L.480
Regional FSA	-	-	-	-	69,356	-	-	-	-	-	-	-	-	69,356	-
Regional SEED	-	-	-	-	-	-	-	-	-	-	-	74,500	-	74,500	-
Romania	-	-	-	9,000	-	1,400	-	-	275	2,929	-	36,000	-	49,604	-
Russia	-	-	-	-	157,728	800	-	-	1,500	5,136	-	-	-	165,164	-
Science Centers/Bio Redirection	-	-	-	-	-	-	-	-	37,000	-	-	-	-	37,000	-
Slovakia	-	-	-	7,750	-	850	-	-	407	706	-	-	-	9,713	-
Slovenia	-	-	-	4,000	-	800	-	-	350	-	-	-	-	5,150	-
Tajikistan	-	-	-	700	19,222	250	-	-	-	-	-	-	-	20,172	4,156
Turkey	-	-	-	-	-	2,700	-	-	1,000	-	-	-	-	3,700	-
Turkmenistan	-	-	-	-	7,072	450	-	-	-	743	-	-	-	8,265	-
Ukraine	-	-	-	4,000	154,196	1,700	-	-	470	3,161	-	-	-	163,527	-
Uzbekistan	-	-	-	207	28,890	1,000	-	-	-	899	-	-	-	30,996	-
Total Europe and Eurasia	-	-	45,000	132,000	784,000	27,850	-	88,000	63,301	25,837	54,600	621,000	35,779	1,877,367	4,738
Near East															
Algeria	-	-	-	-	-	200	-	-	-	-	-	-	-	200	776
ATA Regional - Near East Asia	-	-	-	-	-	-	-	-	4,735	-	-	-	-	4,735	-
Bahrain	-	-	-	-	-	400	-	-	-	-	-	-	-	400	-
Egypt	-	-	655,000	1,300,000	-	1,200	-	-	50	-	-	-	-	1,956,250	-
Iraq Opposition	-	-	25,000	-	-	-	-	-	-	-	-	-	-	25,000	-
Israel	-	-	720,000	2,040,000	-	-	-	-	-	-	-	-	-	2,760,000	-
Jordan	-	-	150,000	75,000	-	2,000	-	-	1,600	1,738	-	-	-	230,338	-
Lebanon	-	600	35,000	-	-	600	-	-	1,200	-	-	-	-	37,400	-
Middle East Democracy	-	-	5,000	-	-	-	-	-	-	-	-	-	-	5,000	-
Middle East Multilaterals	-	-	3,000	-	-	-	-	-	-	-	-	-	-	3,000	-
Middle East Regional Cooperation	-	-	5,000	-	-	-	-	-	-	-	-	-	-	5,000	-
Morocco	4,600	5,713	-	3,500	-	1,000	-	-	-	2,977	-	-	-	17,790	-
MRA Near East	-	-	-	-	-	-	-	103,400	-	-	-	-	-	103,400	-
MRA Refugees to Israel	-	-	-	-	-	-	-	60,000	-	-	-	-	-	60,000	-
Multinational Force and Observers	-	-	-	-	-	-	-	-	-	-	16,400	-	-	16,400	-
Oman	-	-	-	-	-	500	-	-	327	-	-	-	-	827	-
Saudi Arabia	-	-	-	-	-	25	-	-	30	-	-	-	-	55	-
Tunisia	-	-	-	3,500	-	1,000	-	-	-	-	-	-	-	4,500	-
U.S. North Africa Economic Partnership	-	-	4,000	-	-	-	-	-	-	-	-	-	-	4,000	-
United Arab Emirates	-	-	-	-	-	-	-	-	350	-	-	-	-	350	-
West Bank/Gaza	-	-	72,000	-	-	-	-	-	-	-	-	-	-	72,000	-
Yemen	-	-	5,000	-	-	450	-	-	800	-	-	-	-	6,250	-
Total Near East	4,600	6,313	1,679,000	3,422,000	-	7,375	-	163,400	9,092	4,715	16,400	-	-	5,312,895	776
South Asia															
Afghanistan	2,000	10,000	17,250	-	-	-	-	-	4,000	-	-	-	-	33,250	-
ATA Regional - South Asia	-	-	-	-	-	-	-	-	4,452	-	-	-	-	4,452	-
Bangladesh	39,950	21,870	3,000	-	-	600	-	-	-	612	-	-	-	66,032	19,176
India	41,678	29,200	7,000	-	-	1,000	-	-	900	-	-	-	-	79,778	86,431
Maldives	-	-	-	-	-	125	-	-	-	-	-	-	-	125	-
MRA South Asia	-	-	-	-	-	-	-	45,500	-	-	-	-	-	45,500	-

Country/Account Summaries (“Spigots”)

FY 2002

(\$ in thousands)

Countries/Accounts	CSD	DA	ESF	FMF	FSA	IMET	INCLE	MRA	NADR	Peace Corps	PKO	SEED	Other	Total	P.L.480
Nepal	20,000	7,597	3,000	2,000	-	400	-	-	-	2,062	-	-	-	35,059	2,603
Pakistan	5,000	10,000	9,500	-	-	1,000	2,500	-	-	-	-	-	-	28,000	-
South Asia Regional Funds	-	-	3,500	-	-	-	-	-	-	-	-	-	-	3,500	-
Southwest Asia Initiatives	-	-	-	-	-	-	3,000	-	-	-	-	-	-	3,000	-
Sri Lanka	300	5,150	3,000	-	-	275	-	-	-	-	-	-	-	8,725	-
Total South Asia	108,928	83,817	46,250	2,000	-	3,400	5,500	45,500	9,352	2,674	-	-	-	307,421	108,210
Western Hemisphere															
Administration of Justice	-	-	10,000	-	-	-	-	-	-	-	-	-	-	10,000	-
Argentina	-	-	-	1,000	-	1,000	-	-	-	-	-	-	-	2,000	-
ATA Regional - Western Hemisphere	-	-	-	-	-	-	-	-	4,373	-	-	-	-	4,373	-
Bahamas	-	-	-	100	-	140	1,200	-	-	-	-	-	-	1,440	-
Belize	-	-	-	200	-	275	-	-	-	1,425	-	-	-	1,900	-
Bolivia	19,410	12,053	10,000	500	-	700	81,000	-	-	2,866	-	-	-	126,529	9,910
Brazil	8,700	3,930	-	-	-	440	6,000	-	-	-	-	-	-	19,070	-
Caribbean Regional	4,000	-	-	-	-	-	-	-	-	-	-	-	-	4,000	-
Centers for Educational Excellence	-	3,000	7,000	-	-	-	-	-	-	-	-	-	-	10,000	-
Central American Regional Development	4,750	8,142	-	-	-	-	-	-	-	-	-	-	-	12,892	-
Chile	-	-	-	500	-	570	-	-	-	-	-	-	-	1,070	-
Colombia	-	-	-	-	-	1,180	380,500	-	-	-	-	-	-	381,680	-
Costa Rica	-	-	-	-	-	350	-	-	-	845	-	-	-	1,195	-
Cuba	-	-	5,000	-	-	-	-	-	-	-	-	-	-	5,000	-
Dominican Republic	9,532	6,450	2,000	350	-	500	-	-	-	3,136	-	-	-	21,968	-
Eastern Caribbean	-	-	11,000	2,000	-	675	-	-	-	2,084	-	-	-	15,759	-
Ecuador	-	6,855	15,000	-	-	625	25,000	-	370	2,759	-	-	-	50,609	-
El Salvador	14,822	44,880	25,000	1,000	-	800	-	-	-	2,347	-	-	-	88,849	-
Guatemala	15,350	12,320	10,000	-	-	350	3,500	-	-	4,060	-	-	-	45,580	15,808
Guyana	1,000	3,100	-	200	-	275	-	-	-	799	-	-	-	5,374	-
Haiti	-	-	30,000	300	-	-	-	-	-	1,324	-	-	-	31,624	-
Honduras	13,070	15,430	1,000	-	-	625	-	-	-	4,065	-	-	-	34,190	3,647
Inter-American Foundation	-	-	-	-	-	-	-	-	-	-	-	-	13,290	13,290	-
Inter-American Investment Corporation	-	-	-	-	-	-	-	-	-	-	-	-	18,000	18,000	-
Jamaica	2,821	9,471	1,000	600	-	600	1,550	-	-	2,024	-	-	-	18,066	-
LAC Regional	11,765	47,466	-	-	-	-	-	-	-	-	-	-	-	59,231	-
Latin America Regional	-	-	-	-	-	-	10,000	-	-	-	-	-	-	10,000	-
Mexico	5,500	6,915	10,000	-	-	1,150	12,000	-	-	-	-	-	-	35,565	-
MRA Western Hemisphere	-	-	-	-	-	-	-	15,000	-	-	-	-	-	15,000	-
Nicaragua	8,170	16,152	1,500	500	-	375	-	-	-	2,571	-	-	-	29,268	8,039
OAS Development Assistance Programs	-	-	-	-	-	-	-	-	-	-	-	-	5,500	5,500	-
OAS Fund for Strengthening Democracy	-	-	-	-	-	-	-	-	-	-	-	-	2,500	2,500	-
OAS/IADB Central America Demining	-	-	-	-	-	-	-	-	1,250	-	-	-	-	1,250	-
Panama	-	4,500	4,000	-	-	170	5,000	-	-	2,076	-	-	-	15,746	-
Paraguay	2,525	3,600	3,500	-	-	300	-	-	-	3,170	-	-	-	13,095	-
Peru	23,200	14,173	15,000	-	-	500	142,500	-	175	2,193	-	-	-	197,741	30,805
Peru-Ecuador Peace	-	-	5,000	-	-	-	-	-	-	-	-	-	-	5,000	-
Regional Partnership for Prosperity	-	10,000	-	-	-	-	-	-	-	-	-	-	-	10,000	-

Country/Account Summaries (“Spigots”)

FY 2002

(\$ in thousands)

Countries/Accounts	CSD	DA	ESF	FMF	FSA	IMET	INCLE	MRA	NADR	Peace Corps	PKO	SEED	Other	Total	P.L.480
Suriname	-	-	-	150	-	110	-	-	-	794	-	-	-	1,054	-
Trinidad and Tobago	-	-	-	300	-	135	-	-	-	-	-	-	-	435	-
Uruguay	-	-	-	1,000	-	415	-	-	-	-	-	-	-	1,415	-
Venezuela	-	-	500	-	-	500	5,000	-	-	-	-	-	-	6,000	-
Total Western Hemisphere	144,615	228,437	166,500	8,700	-	12,760	673,250	15,000	6,168	38,538	-	-	39,290	1,333,258	68,209
Global															
Asia Regional	-	-	-	-	-	-	5,050	-	-	-	-	-	-	5,050	-
Asia-Near East Regional	16,227	49,107	-	-	-	-	-	-	-	-	-	-	-	65,334	-
Asian Development Fund	-	-	-	-	-	-	-	-	-	-	-	-	98,017	98,017	-
ATA Program Management	-	-	-	-	-	-	-	-	6,000	-	-	-	-	6,000	-
ATA WMD Preparedness Program	-	-	-	-	-	-	-	-	1,000	-	-	-	-	1,000	-
CTBT International Monitoring System	-	-	-	-	-	-	-	-	20,000	-	-	-	-	20,000	-
Debt Restructuring	-	-	-	-	-	-	-	-	-	-	-	-	229,000	229,000	-
Demining Administrative Expenses	-	-	-	-	-	-	-	-	500	-	-	-	-	500	-
Demining Crosscutting Initiatives	-	-	-	-	-	-	-	-	4,505	-	-	-	-	4,505	-
Demining Mine Surveys	-	-	-	-	-	-	-	-	3,300	-	-	-	-	3,300	-
Demining New Country Programs	-	-	-	-	-	-	-	-	1,500	-	-	-	-	1,500	-
Demining Research and Training	-	-	-	-	-	-	-	-	850	-	-	-	-	850	-
Democracy, Conflict & Humanitarian Assistance	27,193	58,000	-	-	-	-	-	-	-	-	-	-	-	85,193	-
Development Credit Program - Admin. Exp.	-	-	-	-	-	-	-	-	-	-	-	-	7,500	7,500	-
E-IMET Schools	-	-	-	-	-	1,800	-	-	-	-	-	-	-	1,800	-
Economic Growth, Agriculture and Trade	-	152,900	-	-	-	-	-	-	-	-	-	-	-	152,900	-
Enhanced International Peacekeeping Capabilities	-	-	-	4,000	-	-	-	-	-	-	-	-	-	4,000	-
Export Control Program Administration	-	-	-	-	-	-	-	-	500	-	-	-	-	500	-
Export Control Regional Advisors	-	-	-	-	-	-	-	-	4,280	-	-	-	-	4,280	-
Export-Import Bank - Administrative Expenses	-	-	-	-	-	-	-	-	-	-	-	-	64,905	64,905	-
Export-Import Bank - Direct Loans, Negative Subsidies	-	-	-	-	-	-	-	-	-	-	-	-	(25,000)	(25,000)	-
Export-Import Bank - Loan Subsidy	-	-	-	-	-	-	-	-	-	-	-	-	727,323	727,323	-
FMF Administrative Costs	-	-	-	35,000	-	-	-	-	-	-	-	-	-	35,000	-
General Costs	-	-	-	-	-	395	-	-	-	-	-	-	-	395	-
Global Development Alliance	-	20,000	-	-	-	-	-	-	-	-	-	-	-	20,000	-
Global Environment Facility	-	-	-	-	-	-	-	-	-	-	-	-	100,500	100,500	-
Global Health	322,241	3,800	-	-	-	-	-	-	-	-	-	-	-	326,041	-
Human Rights and Democracy Funds	-	-	13,000	-	-	-	-	-	-	-	-	-	-	13,000	-
INL Anticrime Programs	-	-	-	-	-	-	20,330	-	-	-	-	-	-	20,330	-
International Atomic Energy Agency Voluntary Contribution	-	-	-	-	-	-	-	-	50,000	-	-	-	-	50,000	-
International Civil Aviation Organization	-	-	-	-	-	-	-	-	-	-	-	-	300	300	-
International Conservation Programs	-	-	-	-	-	-	-	-	-	-	-	-	7,700	7,700	-

Country/Account Summaries (“Spigots”)
FY 2002
(\$ in thousands)

Countries/Accounts	CSD	DA	ESF	FMF	FSA	IMET	INCLE	MRA	NADR	Peace Corps	PKO	SEED	Other	Total	P.L.480
International Contributions for Scientific, Educational, and Cultural Activities	-	-	-	-	-	-	-	-	-	-	-	-	1,750	1,750	-
International Development Association	-	-	-	-	-	-	-	-	-	-	-	-	792,400	792,400	-
International Disaster Assistance	-	-	-	-	-	-	-	-	-	-	-	-	235,500	235,500	-
International Fund for Agricultural Development	-	-	-	-	-	-	-	-	-	-	-	-	20,000	20,000	-
International Law Enforcement Academies	-	-	-	-	-	-	14,500	-	-	-	-	-	-	14,500	-
International Organizations	-	-	-	-	-	-	16,000	-	-	-	-	-	-	16,000	-
International Organizations/Partnerships	297,250	-	-	-	-	-	-	-	-	-	-	-	-	297,250	-
International Panel on Climate Change/UN Framework Convention on Climate Change	-	-	-	-	-	-	-	-	-	-	-	-	7,400	7,400	-
Interregional Aviation Support	-	-	-	-	-	-	60,000	-	-	-	-	-	-	60,000	-
Montreal Protocol Multilateral Fund	-	-	-	-	-	-	-	-	-	-	-	-	25,000	25,000	-
MRA Administrative Expenses	-	-	-	-	-	-	-	16,556	-	-	-	-	-	16,556	-
MRA Migration	-	-	-	-	-	-	-	16,000	-	-	-	-	-	16,000	-
MRA Multiregional Activities	-	-	-	-	-	-	-	57,700	-	-	-	-	-	57,700	-
MRA Refugee Admissions	-	-	-	-	-	-	-	92,000	-	-	-	-	-	92,000	-
Multilateral Investment Guarantee Agency	-	-	-	-	-	-	-	-	-	-	-	-	5,000	5,000	-
NADR Regional Export Controls	-	-	-	-	-	-	-	-	900	-	-	-	-	900	-
Non-Proliferation and Disarmament Fund	-	-	-	-	-	-	-	-	14,000	-	-	-	-	14,000	-
Oceans, Environmental and Science Initiative	-	-	4,000	-	-	-	-	-	-	-	-	-	-	4,000	-
OPIC - Administrative Expenses	-	-	-	-	-	-	-	-	-	-	-	-	39,367	39,367	-
OPIC - Net Offsetting Collections	-	-	-	-	-	-	-	-	-	-	-	-	(289,443)	(289,443)	-
Partnership to Eliminate Sweatshops	-	-	4,000	-	-	-	-	-	-	-	-	-	-	4,000	-
Peace Corps Other	-	-	-	-	-	-	-	-	-	137,880	-	-	-	137,880	-
Policy Initiatives	3,550	31,363	-	8,000	-	-	-	-	-	-	-	-	-	42,913	519,431
Prepositioned Stocks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	12,208
Program & Policy Coordination	5,400	6,400	-	-	-	-	-	-	-	-	-	-	-	11,800	-
Program Development and Support	-	-	-	-	-	-	13,703	-	-	-	-	-	-	13,703	-
Regional Advisors Training	-	-	-	-	-	-	-	-	145	-	-	-	-	145	-
Regional Narc. Training and Demand Reduction	-	-	-	-	-	-	5,000	-	-	-	-	-	-	5,000	-
Reserve to be Allocated	-	-	-	-	-	-	-	-	-	-	-	-	34,000	34,000	-
Small Arms Destruction	-	-	-	-	-	-	-	-	3,000	-	-	-	-	3,000	-
Systems Support and Upgrades	-	-	-	-	-	-	6,000	-	-	-	-	-	-	6,000	-
Terrorist Interdiction Program	-	-	-	-	-	-	-	-	4,000	-	-	-	-	4,000	-
Trade and Development Agency	-	-	-	-	-	-	-	-	-	-	-	-	50,184	50,184	-
Trafficking in Persons	-	-	-	-	-	-	7,670	-	-	-	-	-	-	7,670	-
Transition Initiatives	-	-	-	-	-	-	-	-	-	-	-	-	50,000	50,000	-
Treasury Technical Assistance	-	-	-	-	-	-	-	-	-	-	-	-	6,500	6,500	-
U.S. Emergency Refugee and Migration Assistance Fund	-	-	-	-	-	-	-	-	-	-	-	-	15,000	15,000	-
UN Development Fund for Women	-	-	-	-	-	-	-	-	-	-	-	-	1,000	1,000	-
UN Development Program	-	-	-	-	-	-	-	-	-	-	-	-	97,100	97,100	-

Country/Account Summaries (“Spigots”)

FY 2002

(\$ in thousands)

Countries/Accounts	CSD	DA	ESF	FMF	FSA	IMET	INCLE	MRA	NADR	Peace Corps	PKO	SEED	Other	Total	P.L.480
UN Environment Program	-	-	-	-	-	-	-	-	-	-	-	-	10,750	10,750	-
UN Voluntary Fund for Technical Cooperation in the Field of Human Rights	-	-	-	-	-	-	-	-	-	-	-	-	1,500	1,500	-
UN Voluntary Fund for Victims of Torture	-	-	-	-	-	-	-	-	-	-	-	-	5,000	5,000	-
USAID Inspector General Operating Expenses	-	-	-	-	-	-	-	-	-	-	-	-	32,806	32,806	-
USAID Operating Expenses	-	-	-	-	-	-	-	-	-	-	-	-	560,659	560,659	-
World Food Program	-	-	-	-	-	-	-	-	-	-	-	-	6,000	6,000	-
World Meteorological Organization	-	-	-	-	-	-	-	-	-	-	-	-	2,000	2,000	-
World Trade Organization	-	-	-	-	-	-	-	-	-	-	-	-	1,000	1,000	-
Total Global	671,861	321,570	21,000	47,000	-	2,195	148,253	182,256	114,480	137,880	-	-	2,920,718	4,567,213	531,639
Total FY 2002	1,433,500	1,178,000	2,224,000	3,650,000	784,000	70,000	842,703	705,556	313,500	278,043	135,000	621,000	3,117,567	15,352,869	850,000
Emergency Response Fund															
Afghanistan	-	-	-	-	-	-	-	-	3,000	-	-	-	50,000	53,000	75,117
Anti-Terrorism Assistance	-	-	-	-	-	-	-	-	45,500	-	-	-	-	45,500	-
Azerbaijan	-	-	-	-	-	-	-	-	3,000	-	-	-	-	3,000	-
CT Engagement w/Allies	-	-	-	-	-	-	-	-	3,000	-	-	-	-	3,000	-
International Disaster Assistance	-	-	-	-	-	-	-	-	-	-	-	-	96,000	96,000	-
Israel	-	-	-	-	-	-	-	-	28,000	-	-	-	-	28,000	-
Kazakhstan	-	-	-	-	-	-	-	-	2,000	-	-	-	-	2,000	-
Kyrgyz Republic	-	-	-	-	-	-	-	-	3,500	-	-	-	-	3,500	-
MRA South Asia	-	-	-	-	-	-	-	100,000	-	-	-	-	-	100,000	-
Pakistan	-	-	600,000	-	-	-	73,000	-	-	-	220,000	-	-	893,000	-
Peace Corps Other	-	-	-	-	-	-	-	-	-	3,900	-	-	-	3,900	-
Regional FSA	-	-	-	-	6,000	-	-	-	-	-	-	-	-	6,000	-
Science Centers/Bio Redirection	-	-	-	-	-	-	-	-	30,000	-	-	-	-	30,000	-
Tajikistan	-	-	-	-	-	-	-	-	7,500	-	-	-	-	7,500	19,883
Terrorist Interdiction Program	-	-	-	-	-	-	-	-	4,000	-	-	-	-	4,000	-
Treasury Technical Assistance	-	-	-	-	-	-	-	-	-	-	-	-	3,000	3,000	-
Turkey	-	-	-	20,000	-	-	-	-	1,200	-	-	-	-	21,200	-
Turkmenistan	-	-	-	-	-	-	-	-	7,000	-	-	-	-	7,000	-
USAID Operating Expenses	-	-	-	-	-	-	-	-	-	-	-	-	15,000	15,000	-
Uzbekistan	-	-	-	25,000	40,500	-	-	-	18,000	-	-	-	-	83,500	-
Total Emergency Response Fund	-	-	600,000	45,000	46,500	-	73,000	100,000	155,700	3,900	220,000	-	164,000	1,408,100	95,000

Country/Account Summaries (“Spigots”)
FY 2003
(\$ in thousands)

Countries/Accounts	CSD	DA	ESF	FMF	FSA	IMET	INCLE	MRA	NADR	Peace Corps	PKO	SEED	Other	Total	P.L.480
Africa															
Africa Crisis Response Training	-	-	-	-	-	-	-	-	-	-	10,000	-	-	10,000	-
Africa Regional	-	135,061	-	-	-	-	-	-	-	-	-	-	-	135,061	-
Africa Regional Anticrime	-	-	-	-	-	-	7,000	-	-	-	-	-	-	7,000	-
Africa Regional Fund	-	-	32,000	-	-	-	-	-	-	-	-	-	-	32,000	-
Africa Regional Peacekeeping	-	-	-	-	-	-	-	-	-	-	30,000	-	-	30,000	-
African Development Bank	-	-	-	-	-	-	-	-	-	-	-	-	5,104	5,104	-
African Development Foundation	-	-	-	-	-	-	-	-	-	-	-	-	16,689	16,689	-
African Development Fund	-	-	-	-	-	-	-	-	-	-	-	-	118,073	118,073	-
Agriculture Initiative	-	20,000	-	-	-	-	-	-	-	-	-	-	-	20,000	-
Angola	-	7,400	-	-	-	100	-	-	3,500	-	-	-	-	11,000	8,004
Anti-Corruption Initiative	-	7,500	-	-	-	-	-	-	-	-	-	-	-	7,500	-
ATA Regional - Africa	-	-	-	-	-	-	-	-	5,296	-	-	-	-	5,296	-
Benin	-	12,261	-	-	-	400	-	-	-	2,114	-	-	-	14,775	4,023
Botswana	-	-	-	1,000	-	600	-	-	-	-	-	-	-	1,600	-
Burkina Faso	-	-	-	-	-	50	-	-	-	1,880	-	-	-	1,930	10,121
Burundi	-	4,000	-	-	-	50	-	-	-	-	-	-	-	4,050	-
Cameroon	-	-	-	-	-	200	-	-	-	2,821	-	-	-	3,021	-
Cape Verde	-	-	-	-	-	120	-	-	-	1,216	-	-	-	1,336	3,500
Central African Republic	-	-	-	-	-	110	-	-	-	-	-	-	-	110	-
Chad	-	-	-	-	-	130	-	-	350	-	-	-	-	480	-
Comoros	-	-	-	-	-	50	-	-	-	-	-	-	-	50	-
Cote d'Ivoire	-	-	-	-	-	50	-	-	-	3,093	-	-	-	3,143	-
Countries in Transition	-	-	31,000	-	-	-	-	-	-	-	-	-	-	31,000	-
Democratic Republic of Congo	-	21,500	-	-	-	50	-	-	-	-	-	-	-	21,550	-
Djibouti	-	-	-	-	-	185	-	-	250	-	-	-	-	435	-
ECOWAS	-	-	-	-	-	50	-	-	-	-	-	-	-	50	-
Education for Development and Democracy	-	22,000	-	-	-	-	-	-	-	-	-	-	-	22,000	-
Equatorial Guinea	-	-	-	-	-	50	-	-	-	-	-	-	-	50	-
Eritrea	-	8,519	-	500	-	400	-	-	1,100	-	-	-	-	10,519	1,907
Ethiopia	-	50,054	-	500	-	500	-	-	1,000	-	-	-	-	52,054	27,281
Gabon	-	-	-	-	-	160	-	-	-	2,171	-	-	-	2,331	-
Gambia	-	-	-	-	-	50	-	-	-	1,621	-	-	-	1,671	-
Ghana	-	39,743	-	500	-	500	-	-	-	2,464	-	-	-	43,207	14,951
Greater Horn of Africa Initiative	-	27,288	-	-	-	-	-	-	-	-	-	-	-	27,288	-
Guinea	-	20,725	-	-	-	250	-	-	-	2,539	-	-	-	23,514	3,441
Guinea-Bissau	-	-	-	-	-	75	-	-	-	-	-	-	-	75	-
Initiative for Southern Africa	-	24,731	-	-	-	-	-	-	-	-	-	-	-	24,731	-
Kenya	-	46,693	-	1,500	-	600	-	-	-	3,356	-	-	-	52,149	12,134
Lesotho	-	-	-	-	-	100	-	-	-	2,378	-	-	-	2,478	-
Liberia	-	5,200	-	-	-	-	-	-	-	-	-	-	-	5,200	1,027
Madagascar	-	17,528	-	-	-	170	-	-	-	2,462	-	-	-	20,160	10,732
Malawi	-	30,877	-	-	-	360	-	-	-	2,167	-	-	-	33,404	6,290
Mali	-	32,961	-	-	-	325	-	-	-	2,727	-	-	-	36,013	-
Mauritania	-	-	-	-	-	100	-	-	200	1,792	-	-	-	2,092	3,493

Country/Account Summaries (“Spigots”)
FY 2003
(\$ in thousands)

Countries/Accounts	CSD	DA	ESF	FMF	FSA	IMET	INCLE	MRA	NADR	Peace Corps	PKO	SEED	Other	Total	P.L.480
Mauritius	-	-	-	-	-	100	-	-	-	-	-	-	-	100	-
Military Health Affairs	-	-	-	2,000	-	-	-	-	-	-	-	-	-	2,000	-
Mozambique	-	45,492	-	-	-	215	-	-	3,010	1,466	-	-	-	50,183	16,870
MRA Africa	-	-	-	-	-	-	-	195,600	-	-	-	-	-	195,600	-
Namibia	-	5,480	-	-	-	200	-	-	90	2,085	-	-	-	7,855	-
Niger	-	-	-	-	-	110	-	-	-	2,130	-	-	-	2,240	6,867
Nigeria	-	66,235	-	6,000	-	800	-	-	-	-	-	-	-	73,035	-
Regional Organizations	-	-	6,000	-	-	-	-	-	-	-	-	-	-	6,000	-
Republic of the Congo	-	-	-	-	-	110	-	-	-	-	-	-	-	110	-
Rwanda	-	18,173	-	-	-	150	-	-	450	-	-	-	-	18,773	10,979
Safe Skies	-	-	8,000	-	-	-	-	-	-	-	-	-	-	8,000	-
Sao Tome and Principe	-	-	-	-	-	100	-	-	-	-	-	-	-	100	-
Senegal	-	28,380	-	500	-	900	-	-	-	3,069	-	-	-	32,849	-
Seychelles	-	-	-	-	-	100	-	-	-	-	-	-	-	100	-
Sierra Leone	-	3,868	-	-	-	250	-	-	-	-	-	-	-	4,118	-
Somalia	-	2,900	-	-	-	-	-	-	1,200	-	-	-	-	4,100	-
South Africa	-	62,428	-	6,000	-	1,450	-	-	-	2,596	-	-	-	72,474	-
Sudan	-	22,300	-	-	-	-	-	-	-	-	-	-	-	22,300	-
Swaziland	-	-	-	-	-	100	-	-	-	-	-	-	-	100	-
Tanzania	-	32,936	-	-	-	230	-	-	-	2,704	-	-	-	35,870	-
Togo	-	-	-	-	-	100	-	-	-	1,961	-	-	-	2,061	-
Trade Initiative	-	15,000	-	-	-	-	-	-	-	-	-	-	-	15,000	-
Uganda	-	62,944	-	-	-	170	-	-	-	1,115	-	-	-	64,229	15,880
West Africa Regional	-	31,521	-	-	-	-	-	-	-	-	-	-	-	31,521	3,190
Zambia	-	50,285	-	-	-	225	-	-	700	2,933	-	-	-	54,143	-
Zimbabwe	-	18,108	-	-	-	-	-	-	270	-	-	-	-	18,378	-
Total Africa	-	1,000,091	77,000	18,500	-	11,095	7,000	195,600	17,416	54,860	40,000	-	139,866	1,561,428	160,690
East Asia and the Pacific															
ATA Regional - East Asia and the Pacific	-	-	-	-	-	-	-	-	2,366	-	-	-	-	2,366	-
Burma	-	-	6,500	-	-	-	-	-	-	-	-	-	-	6,500	-
Cambodia	-	22,500	17,000	-	-	200	-	-	3,020	-	-	-	-	42,720	-
China	-	-	-	-	-	-	-	-	-	1,330	-	-	-	1,330	-
China Rule of Law	-	-	5,000	-	-	-	-	-	-	-	-	-	-	5,000	-
East Timor	-	-	19,000	2,000	-	100	-	-	-	-	5,000	-	-	26,100	-
Fiji	-	-	-	-	-	100	-	-	-	-	-	-	-	100	-
Indonesia	-	71,472	60,000	-	-	400	-	-	-	-	-	-	-	131,872	10,244
KEDO	-	-	-	-	-	-	-	-	75,000	-	-	-	-	75,000	-
Kiribati	-	-	-	-	-	-	-	-	-	1,039	-	-	-	1,039	-
Laos	-	2,000	-	-	-	100	3,000	-	1,200	-	-	-	-	6,300	-
Malaysia	-	-	-	-	-	800	-	-	300	-	-	-	-	1,100	-
Micronesia	-	-	-	-	-	-	-	-	-	1,667	-	-	-	1,667	-
Mongolia	-	-	12,000	1,000	-	725	-	-	-	1,678	-	-	-	15,403	-
MRA East Asia	-	-	-	-	-	-	-	15,500	-	-	-	-	-	15,500	-
Papua New Guinea	-	-	-	-	-	240	-	-	-	-	-	-	-	240	-
Philippines	-	50,659	20,000	20,000	-	2,400	-	-	-	2,082	-	-	-	95,141	-

Country/Account Summaries (“Spigots”)

FY 2003

(\$ in thousands)

Countries/Accounts	CSD	DA	ESF	FMF	FSA	IMET	INCLE	MRA	NADR	Peace Corps	PKO	SEED	Other	Total	P.L.480
Regional Democracy	-	-	5,000	-	-	-	-	-	-	-	-	-	-	5,000	-
Regional Security Fund	-	-	250	-	-	-	-	-	-	-	-	-	-	250	-
Regional Women's Issues	-	-	4,000	-	-	-	-	-	-	-	-	-	-	4,000	-
Samoa	-	-	-	-	-	120	-	-	-	1,277	-	-	-	1,397	-
Solomon Islands	-	-	-	-	-	150	-	-	-	23	-	-	-	173	-
South Pacific Fisheries	-	-	18,000	-	-	-	-	-	-	-	-	-	-	18,000	-
Thailand	-	3,250	-	2,000	-	1,750	3,750	-	50	1,344	-	-	-	12,144	-
Tonga	-	-	-	-	-	125	-	-	-	983	-	-	-	1,108	-
Vanuatu	-	-	-	-	-	100	-	-	-	1,142	-	-	-	1,242	-
Vietnam	-	12,456	-	-	-	100	-	-	1,750	-	-	-	-	14,306	-
Total East Asia and the Pacific	-	162,337	166,750	25,000	-	7,410	6,750	15,500	83,686	12,565	5,000	-	-	484,998	10,244
Europe and Eurasia															
Albania	-	-	-	5,000	-	900	-	-	140	-	-	28,000	-	34,040	-
Armenia	-	-	-	3,000	70,000	750	-	-	2,600	1,333	-	-	-	77,683	-
ATA Regional - Europe/NIS	-	-	-	-	-	-	-	-	17,517	-	-	-	-	17,517	-
Azerbaijan	-	-	-	3,000	46,000	750	-	-	3,230	-	-	-	-	52,980	-
Belarus	-	-	-	-	9,500	-	-	-	-	-	-	-	-	9,500	-
Bosnia and Herzegovina	-	-	-	2,500	-	900	-	-	30	-	-	50,000	-	53,430	-
Bulgaria	-	-	-	9,500	-	1,350	-	-	730	2,037	-	28,000	-	41,617	-
Croatia	-	-	-	6,000	-	700	-	-	90	-	-	30,000	-	36,790	-
Cyprus	-	-	15,000	-	-	-	-	-	260	-	-	-	-	15,260	-
Czech Republic	-	-	-	11,000	-	1,900	-	-	400	-	-	-	-	13,300	-
Estonia	-	-	-	6,750	-	1,100	-	-	100	-	-	-	-	7,950	-
European Bank for Reconstruction and Development	-	-	-	-	-	-	-	-	-	-	-	-	35,805	35,805	-
Federal Republic of Yugoslavia	-	-	-	1,000	-	300	-	-	100	-	-	135,000	-	136,400	-
Georgia	-	-	-	7,000	87,000	1,200	-	-	1,100	1,192	-	-	-	97,492	-
Greece	-	-	-	-	-	600	-	-	-	-	-	-	-	600	-
Hungary	-	-	-	11,000	-	1,900	-	-	270	-	-	-	-	13,170	-
International Fund for Ireland	-	-	25,000	-	-	-	-	-	-	-	-	-	-	25,000	-
Irish Visa Program	-	-	4,000	-	-	-	-	-	-	-	-	-	-	4,000	-
Kazakhstan	-	-	-	3,000	43,000	1,000	-	-	1,750	2,610	-	-	-	51,360	-
Kosovo	-	-	-	-	-	-	-	-	-	-	-	85,000	-	85,000	-
Kyrgyz Republic	-	-	-	4,000	36,000	1,100	-	-	1,200	955	-	-	-	43,255	-
Latvia	-	-	-	7,000	-	1,100	-	-	1,400	-	-	-	-	9,500	-
Lithuania	-	-	-	7,500	-	1,100	-	-	920	-	-	-	-	9,520	-
Macedonia	-	-	-	11,000	-	650	-	-	190	-	-	50,000	-	61,840	-
Malta	-	-	-	1,000	-	300	-	-	480	-	-	-	-	1,780	-
Moldova	-	-	-	1,500	32,500	900	-	-	2,320	1,744	-	-	-	38,964	-
MRA Europe	-	-	-	-	-	-	-	77,000	-	-	-	-	-	77,000	-
NIS Regional Export Controls	-	-	-	-	-	-	-	-	500	-	-	-	-	500	-
OSCE Bosnia	-	-	-	-	-	-	-	-	-	-	17,500	-	-	17,500	-
OSCE Croatia	-	-	-	-	-	-	-	-	-	-	2,300	-	-	2,300	-
OSCE Kosovo	-	-	-	-	-	-	-	-	-	-	12,500	-	-	12,500	-
OSCE Regional - Europe	-	-	-	-	-	-	-	-	-	-	14,550	-	-	14,550	-

Country/Account Summaries (“Spigots”)

FY 2003

(\$ in thousands)

Countries/Accounts	CSD	DA	ESF	FMF	FSA	IMET	INCLE	MRA	NADR	Peace Corps	PKO	SEED	Other	Total	P.L.480
Poland	-	-	-	13,000	-	2,000	-	-	600	-	-	-	-	15,600	-
Portugal	-	-	-	-	-	850	-	-	-	-	-	-	-	850	-
Regional FSA	-	-	-	-	67,000	-	-	-	-	-	-	-	-	67,000	-
Regional SEED	-	-	-	-	-	-	-	-	-	-	-	60,000	-	60,000	-
Romania	-	-	-	10,000	-	1,500	-	-	560	2,942	-	29,000	-	44,002	-
Russia	-	-	-	-	148,000	800	-	-	3,980	4,825	-	-	-	157,605	-
Science Centers/Bio Redirection	-	-	-	-	-	-	-	-	52,000	-	-	-	-	52,000	-
Slovakia	-	-	-	9,000	-	950	-	-	700	-	-	-	-	10,650	-
Slovenia	-	-	-	5,000	-	950	-	-	550	-	-	-	-	6,500	-
Tajikistan	-	-	-	-	22,500	350	-	-	50	-	-	-	-	22,900	-
Turkey	-	-	-	17,500	-	2,800	-	-	600	-	-	-	-	20,900	-
Turkmenistan	-	-	-	700	7,000	450	-	-	50	1,238	-	-	-	9,438	-
Ukraine	-	-	-	4,000	155,000	1,700	-	-	2,620	3,186	-	-	-	166,506	-
Uzbekistan	-	-	-	8,750	31,500	1,200	-	-	1,200	1,298	-	-	-	43,948	-
Total Europe and Eurasia	-	-	44,000	168,700	755,000	32,050	-	77,000	98,237	23,360	46,850	495,000	35,805	1,776,002	-
Near East															
Algeria	-	-	-	-	-	550	-	-	-	-	-	-	-	550	-
ATA Regional - Near East Asia	-	-	-	-	-	-	-	-	9,012	-	-	-	-	9,012	-
Bahrain	-	-	-	-	-	450	-	-	-	-	-	-	-	450	-
Egypt	-	-	615,000	1,300,000	-	1,200	-	-	135	-	-	-	-	1,916,335	-
Iraq Opposition	-	-	25,000	-	-	-	-	-	-	-	-	-	-	25,000	-
Israel	-	-	600,000	2,100,000	-	-	-	-	-	-	-	-	-	2,700,000	-
Jordan	-	-	250,000	198,000	-	2,400	-	-	1,000	1,573	-	-	-	452,973	-
Lebanon	-	500	32,000	-	-	700	-	-	900	-	-	-	-	34,100	-
Middle East Democracy	-	-	5,000	-	-	-	-	-	-	-	-	-	-	5,000	-
Middle East Multilaterals	-	-	3,000	-	-	-	-	-	-	-	-	-	-	3,000	-
Middle East Regional Cooperation	-	-	5,000	-	-	-	-	-	-	-	-	-	-	5,000	-
Morocco	-	6,713	-	5,000	-	1,500	-	-	-	2,594	-	-	-	15,807	-
MRA Near East	-	-	-	-	-	-	-	103,400	-	-	-	-	-	103,400	-
MRA Refugees to Israel	-	-	-	-	-	-	-	60,000	-	-	-	-	-	60,000	-
Multinational Force and Observers	-	-	-	-	-	-	-	-	-	-	16,400	-	-	16,400	-
Oman	-	-	-	20,000	-	750	-	-	150	-	-	-	-	20,900	-
Saudi Arabia	-	-	-	-	-	25	-	-	80	-	-	-	-	105	-
Tunisia	-	-	-	5,000	-	1,500	-	-	-	-	-	-	-	6,500	-
U.S. North Africa Economic Partnership	-	-	4,000	-	-	-	-	-	-	-	-	-	-	4,000	-
United Arab Emirates	-	-	-	-	-	-	-	-	350	-	-	-	-	350	-
West Bank/Gaza	-	-	75,000	-	-	-	-	-	-	-	-	-	-	75,000	-
Yemen	-	-	10,000	2,000	-	650	-	-	915	-	-	-	-	13,565	-
Total Near East	-	7,213	1,624,000	3,630,000	-	9,725	-	163,400	12,542	4,167	16,400	-	-	5,467,447	-
South Asia															
ATA Regional - South Asia	-	-	-	-	-	-	-	-	9,867	-	-	-	-	9,867	-
Bangladesh	-	57,220	7,000	-	-	750	-	-	-	765	-	-	-	65,735	45,082
India	-	75,185	25,000	50,000	-	1,000	-	-	1,750	-	-	-	-	152,935	91,288
Maldives	-	-	-	-	-	150	-	-	-	-	-	-	-	150	-

Country/Account Summaries (“Spigots”)

FY 2003

(\$ in thousands)

Countries/Accounts	CSD	DA	ESF	FMF	FSA	IMET	INCLE	MRA	NADR	Peace Corps	PKO	SEED	Other	Total	P.L.480
MRA South Asia	-	-	-	-	-	-	-	45,500	-	-	-	-	-	45,500	-
Nepal	-	31,696	6,000	3,000	-	500	-	-	-	1,858	-	-	-	43,054	-
Pakistan	-	50,000	200,000	50,000	-	1,000	4,000	-	-	-	-	-	-	305,000	-
South Asia Regional Funds	-	-	2,000	-	-	-	-	-	-	-	-	-	-	2,000	-
Southwest Asia Initiatives	-	-	-	-	-	-	3,000	-	-	-	-	-	-	3,000	-
Sri Lanka	-	6,050	4,000	-	-	350	-	-	-	-	-	-	-	10,400	-
Total South Asia	-	220,151	244,000	103,000	-	3,750	7,000	45,500	11,617	2,623	-	-	-	637,641	136,370
Western Hemisphere															
Administration of Justice	-	-	11,000	-	-	-	-	-	-	-	-	-	-	11,000	-
Argentina	-	-	-	2,000	-	1,000	-	-	-	-	-	-	-	3,000	-
ATA Regional - Western Hemisphere	-	-	-	-	-	-	-	-	8,442	-	-	-	-	8,442	-
Bahamas	-	-	-	100	-	140	1,200	-	-	-	-	-	-	1,440	-
Belize	-	-	-	300	-	175	-	-	-	1,445	-	-	-	1,920	-
Bolivia	-	30,547	10,000	2,000	-	800	91,000	-	-	2,860	-	-	-	137,207	21,525
Brazil	-	17,537	-	-	-	500	12,000	-	-	-	-	-	-	30,037	-
Caribbean Regional	-	15,750	-	-	-	-	-	-	-	-	-	-	-	15,750	-
Centers for Educational Excellence	-	3,000	-	-	-	-	-	-	-	-	-	-	-	3,000	-
Central American Regional Development	-	26,927	-	-	-	-	-	-	-	-	-	-	-	26,927	-
Chile	-	-	-	1,000	-	600	-	-	-	-	-	-	-	1,600	-
Colombia	-	-	-	98,000	-	1,180	439,000	-	-	-	-	-	-	538,180	-
Costa Rica	-	-	-	-	-	400	-	-	-	913	-	-	-	1,313	-
Cuba	-	-	6,000	-	-	-	-	-	-	-	-	-	-	6,000	-
Dominican Republic	-	19,409	3,500	320	-	500	-	-	-	3,124	-	-	-	26,853	-
Eastern Caribbean	-	-	-	2,130	-	700	-	-	-	2,105	-	-	-	4,935	-
Ecuador	-	7,130	20,000	1,000	-	650	37,000	-	250	2,768	-	-	-	68,798	-
El Salvador	-	33,724	-	2,500	-	900	-	-	-	2,355	-	-	-	39,479	-
FTAA Technical Assistance	-	-	1,000	-	-	-	-	-	-	-	-	-	-	1,000	-
Guatemala	-	26,691	7,500	-	-	350	3,400	-	-	4,080	-	-	-	42,021	18,013
Guyana	-	3,180	-	400	-	275	-	-	-	811	-	-	-	4,666	-
Haiti	-	25,000	-	400	-	50	-	-	-	1,352	-	-	-	26,802	22,375
Honduras	-	35,096	-	-	-	650	-	-	-	4,034	-	-	-	39,780	5,190
Inter-American Development Bank - Multilateral Investment Fund	-	-	-	-	-	-	-	-	-	-	-	-	29,591	29,591	-
Inter-American Foundation	-	-	-	-	-	-	-	-	-	-	-	-	14,185	14,185	-
Inter-American Investment Corporation	-	-	-	-	-	-	-	-	-	-	-	-	30,352	30,352	-
Jamaica	-	15,980	-	700	-	600	1,300	-	-	2,054	-	-	-	20,634	-
LAC Regional	-	47,274	-	-	-	-	-	-	-	-	-	-	-	47,274	-
Latin America Regional	-	-	-	-	-	-	9,500	-	-	-	-	-	-	9,500	-
Mexico	-	18,276	12,000	-	-	1,250	12,000	-	-	-	-	-	-	43,526	-
MRA Western Hemisphere	-	-	-	-	-	-	-	14,700	-	-	-	-	-	14,700	-
Nicaragua	-	27,258	-	500	-	400	-	-	-	2,625	-	-	-	30,783	10,363
OAS Development Assistance Programs	-	-	-	-	-	-	-	-	-	-	-	-	5,500	5,500	-
OAS Fund for Strengthening Democracy	-	-	-	-	-	-	-	-	-	-	-	-	2,500	2,500	-
OAS/IADB Central America Demining	-	-	-	-	-	-	-	-	1,100	-	-	-	-	1,100	-
Panama	-	7,000	3,500	1,000	-	200	9,000	-	-	2,110	-	-	-	22,810	-

Country/Account Summaries (“Spigots”)

FY 2003

(\$ in thousands)

Countries/Accounts	CSD	DA	ESF	FMF	FSA	IMET	INCLE	MRA	NADR	Peace Corps	PKO	SEED	Other	Total	P.L.480
Paraguay	-	6,625	3,500	-	-	300	-	-	-	3,171	-	-	-	13,596	-
Peru	-	40,601	10,000	1,000	-	600	135,000	-	175	1,723	-	-	-	189,099	25,052
Peru-Ecuador Peace	-	-	4,500	-	-	-	-	-	-	-	-	-	-	4,500	-
Regional Partnership for Prosperity	-	10,000	-	-	-	-	-	-	-	-	-	-	-	10,000	-
Suriname	-	-	-	250	-	150	-	-	-	765	-	-	-	1,165	-
Third Border Initiative	-	-	3,000	-	-	-	-	-	-	-	-	-	-	3,000	-
Trinidad and Tobago	-	-	-	400	-	150	-	-	-	-	-	-	-	550	-
Uruguay	-	-	-	1,000	-	450	-	-	-	-	-	-	-	1,450	-
Venezuela	-	-	500	-	-	700	8,000	-	-	-	-	-	-	9,200	-
Total Western Hemisphere	-	417,005	96,000	115,000	-	13,670	758,400	14,700	9,967	38,295	-	-	82,128	1,545,165	102,518
Global															
Asia Regional	-	-	-	-	-	-	4,500	-	-	-	-	-	-	4,500	-
Asia-Near East Regional	-	74,547	-	-	-	-	-	-	-	-	-	-	-	74,547	-
Asian Development Fund	-	-	-	-	-	-	-	-	-	-	-	-	147,386	147,386	-
ATA Program Management	-	-	-	-	-	-	-	-	10,700	-	-	-	-	10,700	-
ATA WMD Preparedness Program	-	-	-	-	-	-	-	-	1,000	-	-	-	-	1,000	-
Civilian Police Program	-	-	-	-	-	-	5,000	-	-	-	-	-	-	5,000	-
CTBT International Monitoring System	-	-	-	-	-	-	-	-	18,200	-	-	-	-	18,200	-
Demining Administrative Expenses	-	-	-	-	-	-	-	-	675	-	-	-	-	675	-
Demining Crosscutting Initiatives	-	-	-	-	-	-	-	-	5,740	-	-	-	-	5,740	-
Demining Mine Surveys	-	-	-	-	-	-	-	-	5,070	-	-	-	-	5,070	-
Demining New Country Programs	-	-	-	-	-	-	-	-	6,730	-	-	-	-	6,730	-
Demining Research and Training	-	-	-	-	-	-	-	-	1,525	-	-	-	-	1,525	-
Democracy, Conflict & Humanitarian Assistance	-	100,100	-	-	-	-	-	-	-	-	-	-	-	100,100	-
Development Credit Program - Admin. Exp.	-	-	-	-	-	-	-	-	-	-	-	-	7,591	7,591	-
E-IMET Schools	-	-	-	-	-	1,800	-	-	-	-	-	-	-	1,800	-
Economic Growth, Agriculture and Trade	-	154,800	-	-	-	-	-	-	-	-	-	-	-	154,800	-
Enhanced International Peacekeeping Capabilities	-	-	-	4,000	-	-	-	-	-	-	-	-	-	4,000	-
Export Control Program Administration	-	-	-	-	-	-	-	-	500	-	-	-	-	500	-
Export Control Regional Advisors	-	-	-	-	-	-	-	-	5,895	-	-	-	-	5,895	-
Export-Import Bank - Administrative Expenses	-	-	-	-	-	-	-	-	-	-	-	-	72,327	72,327	-
Export-Import Bank - Direct Loans, Negative Subsidies	-	-	-	-	-	-	-	-	-	-	-	-	(13,000)	(13,000)	-
Export-Import Bank - Loan Subsidy	-	-	-	-	-	-	-	-	-	-	-	-	541,400	541,400	-
FMF Administrative Costs	-	-	-	37,000	-	-	-	-	-	-	-	-	-	37,000	-
General Costs	-	-	-	-	-	500	-	-	-	-	-	-	-	500	-
Global Development Alliance	-	30,000	-	-	-	-	-	-	-	-	-	-	-	30,000	-
Global Environment Facility	-	-	-	-	-	-	-	-	-	-	-	-	177,813	177,813	-
Global Health	-	304,800	-	-	-	-	-	-	-	-	-	-	-	304,800	-
Human Rights and Democracy Funds	-	-	12,000	-	-	-	-	-	-	-	-	-	-	12,000	-
INL Anticrime Programs	-	-	-	-	-	-	14,000	-	-	-	-	-	-	14,000	-

Country/Account Summaries (“Spigots”)
FY 2003
(\$ in thousands)

Countries/Accounts	CSD	DA	ESF	FMF	FSA	IMET	INCLE	MRA	NADR	Peace Corps	PKO	SEED	Other	Total	P.L.480
International Atomic Energy Agency Voluntary Contribution	-	-	-	-	-	-	-	-	50,000	-	-	-	-	50,000	-
International Civil Aviation Organization	-	-	-	-	-	-	-	-	-	-	-	-	300	300	-
International Conservation Programs	-	-	-	-	-	-	-	-	-	-	-	-	6,225	6,225	-
International Contributions for Scientific, Educational, and Cultural Activities	-	-	-	-	-	-	-	-	-	-	-	-	1,750	1,750	-
International Development Association	-	-	-	-	-	-	-	-	-	-	-	-	874,338	874,338	-
International Disaster Assistance	-	-	-	-	-	-	-	-	-	-	-	-	235,500	235,500	-
International Fund for Agricultural Development	-	-	-	-	-	-	-	-	-	-	-	-	15,004	15,004	-
International Law Enforcement Academies	-	-	-	-	-	-	14,500	-	-	-	-	-	-	14,500	-
International Organizations	-	-	-	-	-	-	13,000	-	-	-	-	-	-	13,000	-
International Organizations/Partnerships	-	256,356	-	-	-	-	-	-	-	-	-	-	-	256,356	-
International Panel on Climate Change/UN Framework Convention on Climate Change	-	-	-	-	-	-	-	-	-	-	-	-	5,600	5,600	-
International Trust Fund - NADR	-	-	-	-	-	-	-	-	10,000	-	-	-	-	10,000	-
Interregional Aviation Support	-	-	-	-	-	-	65,000	-	-	-	-	-	-	65,000	-
Montreal Protocol Multilateral Fund	-	-	-	-	-	-	-	-	-	-	-	-	23,000	23,000	-
MRA Administrative Expenses	-	-	-	-	-	-	-	16,565	-	-	-	-	-	16,565	-
MRA Migration	-	-	-	-	-	-	-	15,700	-	-	-	-	-	15,700	-
MRA Multiregional Activities	-	-	-	-	-	-	-	56,600	-	-	-	-	-	56,600	-
MRA Refugee Admissions	-	-	-	-	-	-	-	105,000	-	-	-	-	-	105,000	-
Multilateral Investment Guarantee Agency	-	-	-	-	-	-	-	-	-	-	-	-	3,631	3,631	-
NADR Regional Export Controls	-	-	-	-	-	-	-	-	900	-	-	-	-	900	-
Non-Proliferation and Disarmament Fund	-	-	-	-	-	-	-	-	15,000	-	-	-	-	15,000	-
Oceans, Environmental and Science Initiative	-	-	2,000	-	-	-	-	-	-	-	-	-	-	2,000	-
OPIC - Administrative Expenses	-	-	-	-	-	-	-	-	-	-	-	-	40,676	40,676	-
OPIC - Credit Funding	-	-	-	-	-	-	-	-	-	-	-	-	24,000	24,000	-
OPIC - Net Offsetting Collections	-	-	-	-	-	-	-	-	-	-	-	-	(292,000)	(292,000)	-
Partnership to Eliminate Sweatshops	-	-	4,000	-	-	-	-	-	-	-	-	-	-	4,000	-
Peace Corps Other	-	-	-	-	-	-	-	-	-	184,358	-	-	-	184,358	-
Policy Initiatives	-	-	20,250	6,000	-	-	-	-	-	-	-	-	-	26,250	775,178
Program & Policy Coordination	-	12,100	-	-	-	-	-	-	-	-	-	-	-	12,100	-
Program Development and Support	-	-	-	-	-	-	14,563	-	-	-	-	-	-	14,563	-
Regional Narc. Training and Demand Reduction	-	-	-	-	-	-	5,000	-	-	-	-	-	-	5,000	-
Reserve to be Allocated	-	-	-	-	-	-	-	-	-	-	-	-	25,000	25,000	-
Small Arms Destruction	-	-	-	-	-	-	-	-	2,000	-	-	-	-	2,000	-
Systems Support and Upgrades	-	-	-	-	-	-	4,000	-	-	-	-	-	-	4,000	-
Terrorist Interdiction Program	-	-	-	-	-	-	-	-	5,000	-	-	-	-	5,000	-
Trade and Development Agency	-	-	-	-	-	-	-	-	-	-	-	-	44,696	44,696	-
Trafficking in Persons	-	-	-	-	-	-	10,000	-	-	-	-	-	-	10,000	-
Transition Initiatives	-	-	-	-	-	-	-	-	-	-	-	-	55,000	55,000	-
Treasury Technical Assistance	-	-	-	-	-	-	-	-	-	-	-	-	10,000	10,000	-

Country/Account Summaries (“Spigots”)

FY 2003

(\$ in thousands)

Countries/Accounts	CSD	DA	ESF	FMF	FSA	IMET	INCLE	MRA	NADR	Peace Corps	PKO	SEED	Other	Total	P.L.480
U.S. Emergency Refugee and Migration Assistance Fund	-	-	-	-	-	-	-	-	-	-	-	-	15,000	15,000	-
UN Children's Fund	-	-	-	-	-	-	-	-	-	-	-	-	120,000	120,000	-
UN Development Fund for Women	-	-	-	-	-	-	-	-	-	-	-	-	1,000	1,000	-
UN Development Program	-	-	-	-	-	-	-	-	-	-	-	-	100,000	100,000	-
UN Environment Program	-	-	-	-	-	-	-	-	-	-	-	-	10,025	10,025	-
UN Voluntary Fund for Technical Cooperation in the Field of Human Rights	-	-	-	-	-	-	-	-	-	-	-	-	1,500	1,500	-
UN Voluntary Fund for Victims of Torture	-	-	-	-	-	-	-	-	-	-	-	-	5,000	5,000	-
USAID Capital Investment Fund	-	-	-	-	-	-	-	-	-	-	-	-	95,000	95,000	-
USAID Inspector General Operating Expenses	-	-	-	-	-	-	-	-	-	-	-	-	34,046	34,046	-
USAID Operating Expenses	-	-	-	-	-	-	-	-	-	-	-	-	586,087	586,087	-
World Meteorological Organization	-	-	-	-	-	-	-	-	-	-	-	-	2,000	2,000	-
World Trade Organization	-	-	-	-	-	-	-	-	-	-	-	-	1,000	1,000	-
Total Global	-	932,703	38,250	47,000	-	2,300	149,563	193,865	138,935	184,358	-	-	2,976,895	4,663,869	775,178
Total FY 2003	-	2,739,500	2,290,000	4,107,200	755,000	80,000	928,713	705,565	372,400	320,228	108,250	495,000	3,234,694	16,136,550	1,185,000