

Congressional Budget Justification
FOREIGN OPERATIONS



Fiscal Year 2005

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In Memory of
Austin P. (Pat) McHale, III

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INTRODUCTION

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Budget Tables for Foreign Operations Request

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FY 2005 FOREIGN OPERATIONS SUMMARY

(\$ in millions)	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
FOREIGN OPERATIONS	21,440	19,564	21,331
Export-Import Bank of the United States (net)	564	54	156
Overseas Private Investment Corporation (net)	(239)	(199)	(187)
Trade and Development Agency (TDA)	47	50	50
Child Survival & Health Programs Fund (CSH)	1,940	1,824	1,420
Global Fund to Fight AIDS, Tuberculosis, & Malaria	[248]	[398]	[100]
Development Assistance (DA)	1,480	1,377	1,329
International Disaster and Famine Assistance	432	474	386
Transition Initiatives	62	55	63
Development Credit Authority (DCA)	8	8	8
USAID Operating Expenses (OE)	593	641	623
USAID Capital Investment Fund	43	98	65
USAID Inspector General Operating Expenses (IG)	33	35	35
Economic Support Fund (ESF)	4,802	3,263	2,520
Assistance for Eastern Europe and the Baltic States (SEED)	522	442	410
Assistance for the Independent States of the Former Soviet Union (FSA)	755	584	550
Peace Corps	295	308	401
Inter-American Foundation	16	16	15
African Development Foundation	19	19	17
Millennium Challenge Corporation	-	994	2,500
International Narcotics Control and Law Enforcement (INCLE)	245	460	359
Andean Counterdrug Initiative (ACI)	842	727	731
Migration and Refugee Assistance (MRA)	782	756	730
U.S. Emergency Refugee & Migration Assistance (ERMA)	106	30	20
Nonproliferation, Anti-Terrorism, Demining (NADR)	332	396	415
Global HIV/AIDS Initiative	-	488	1,450
Treasury Technical Assistance	13	19	18
Debt Restructuring	-	94	200
U.S. Emergency Fund for Complex Foreign Crises	-	-	100
International Military Education & Training (IMET)	79	91	90
Foreign Military Financing (FMF)	5,992	4,633	4,958
Peacekeeping Operations (PKO)	214	124	104
International Financial Institutions	1,296	1,383	1,493
Multilateral Development Banks Arrears	[65]	[97]	[59]
International Organizations & Programs (IO&P)	169	320	304
IRAQ RELIEF AND RECONSTRUCTION FUND (IRRF)	2,236	18,439	-
GRAND TOTAL, FOREIGN OPERATIONS w/IRRF	23,677	38,003	21,331

General Notes :

- Detail in this table may not add to the totals due to rounding.
- Prior to FY 2004, the International Disaster and Famine Assistance account was called the International Disaster Assistance account.
- The FY 2003 Actual level reflects a 0.65 percent rescission and includes \$5.245 billion in emergency supplemental appropriations for Iraq, Afghanistan and coalition allies, including reimbursements from the Iraq Relief and Reconstruction Fund. See table that follows.
- FY 2004 Estimate level reflects a 0.59 percent rescission and includes \$2.080 billion in emergency supplemental appropriations for Iraq and Afghanistan, including mandatory transfers from the Iraq Relief and Reconstruction Fund, as well as transfers from the Emergency Response Fund for acceleration of reconstruction in Afghanistan. See table that follows.

FY 2003 & FY 2004 Supplemental Appropriations & Transfers

(\$ in thousands)

	FY 2003 Actual	FY 2004 Actual
Foreign Operations	5,245,251	2,080,600
<u>Supplemental Appropriations</u>	5,006,400	1,580,600
Child Survival and Health	90,000	-
International Disaster Assistance	143,800	-
USAID Operating Expenses	24,500	40,000
Economic Support Fund	2,422,000	872,000
International Narcotics Control and Law Enforcement	25,000	170,000
Andean Counterdrug Initiative	34,000	-
Emergency Migration and Refugee Assistance	80,000	-
Nonproliferation, Anti-Terrorism, Demining & Related Programs	28,000	35,000
Foreign Military Financing	2,059,100	287,000
Peacekeeping Operations	100,000	50,000
International Disaster & Famine Assistance	-	110,000
USAID Capital Investment Fund	-	16,600
<u>Transfers from Iraq Relief & Reconstr. Fund to other Accounts</u>	238,851	210,000
Economic Support Fund	100,000	100,000
Development Assistance	100,000	-
Transition Initiatives	12,000	-
International Narcotics Control and Law Enforcement	24,601	-
Treasury Technical Assistance	2,250	-
International Disaster and Famine Assistance	-	110,000
<u>Transfers from Emergency Response Funds to other Accounts</u>	-	290,000
Economic Support Fund	-	153,000
Foreign Military Financing	-	77,000
International Narcotics Control and Law Enforcement	-	50,000
Nonproliferation, Anti-Terrorism, Demining & Related Programs	-	10,000

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FY 2005 FOREIGN OPERATIONS SUMMARY - DETAIL

(\$ in thousands)	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
FOREIGN OPERATIONS	21,440,363	19,564,170	21,331,330
Title I - Export and Investment Assistance	371,747	(94,827)	18,925
Export-Import Bank of the United States (Ex-Im)	564,422	54,467	156,040
Loan Subsidy	509,566	-	125,700
Administrative Expenses	67,856	72,467	73,200
Inspector General	-	-	1,140
Direct Loans, Negative Subsidies	(13,000)	(18,000)	(44,000)
Overseas Private Investment Corporation (OPIC)	(239,381)	(199,001)	(187,115)
Administrative Expenses for Credit & Insurance Programs	39,626	41,141	42,885
Net Offsetting Collections	(302,851)	(264,000)	(254,000)
Credit Funding - Direct & Guaranteed Loan Subsidies	23,844	23,858	24,000
Trade and Development Agency (TDA)	46,706	49,707	50,000
Title II - Bilateral Economic Assistance	13,318,590	13,107,921	14,363,994
U.S. Agency for International Development	4,589,254	4,511,270	3,928,500
Child Survival & Health Programs Fund (CSH)	1,939,563	1,824,174	1,420,000
Global Fund to Fight AIDS, Tuberculosis, & Malaria	[248,375]	[397,640]	[100,000]
Development Assistance (DA)	1,479,972	1,376,829	1,329,000
International Disaster and Famine Assistance	431,915	473,993	385,500
Transition Initiatives	61,675	54,676	62,800
Development Credit Authority - Subsidy (by Transfer)	[24,500]	[21,000]	[21,000]
Development Credit Authority - Administrative Expenses	7,542	7,953	8,000
USAID Operating Expenses	592,782	640,536	623,400
USAID Capital Investment Fund	42,721	98,315	64,800
USAID Inspector General Operating Expenses	33,084	34,794	35,000
Other Bilateral Economic Assistance	6,078,729	4,289,221	3,480,000
Economic Support Fund (ESF) - w/ Fund for Ireland	4,802,082	3,263,309	2,520,000
Assistance for Eastern Europe and the Baltic States (SEED)	521,587	442,375	410,000
Assistance for the Independent States of the Former Soviet Union (FSA)	755,060	583,537	550,000
Independent Agencies	329,733	1,337,088	2,933,185
Peace Corps	295,070	308,171	401,000
Inter-American Foundation	16,095	16,238	15,185
African Development Foundation	18,568	18,579	17,000
Millennium Challenge Corporation	-	994,100	2,500,000

(\$ in thousands)	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
State Department	2,307,894	2,857,014	3,704,809
International Narcotics Control and Law Enforcement (INCLE)	245,321	460,274	358,820
Andean Counterdrug Initiative (ACI)	842,450	726,687	731,000
Migration and Refugee Assistance (MRA)	781,884	755,712	729,789
U.S. Emergency Refugee & Migration Assistance (ERMA)	105,831	29,823	20,000
Nonproliferation, Anti-Terrorism, Demining (NADR)	332,408	396,415	415,200
Global HIV/AIDS Initiative	-	488,103	1,450,000
Department of the Treasury	12,980	113,328	217,500
Treasury Technical Assistance (TTA)	12,980	18,888	17,500
Debt Restructuring	-	94,440	200,000
U.S. Emergency Fund for Complex Foreign Crises	-	-	100,000
Title III - Military Assistance	6,285,364	4,848,282	5,151,230
International Military Education & Training (IMET)	79,480	91,159	89,730
Foreign Military Financing (FMF)	5,991,632	4,632,665	4,957,500
Peacekeeping Operations (PKO)	214,252	124,458	104,000
Title IV - Multilateral Economic Assistance	1,464,662	1,702,794	1,797,181
International Financial Institutions	1,295,781	1,383,042	1,492,731
Global Environment Facility	146,852	138,418	120,678
International Development Association	844,475	907,812	1,061,310
Multilateral Investment Guarantee Agency	1,620	1,117	-
Asian Development Fund	97,250	143,569	112,212
African Development Fund	107,371	112,060	118,000
African Development Bank	5,071	5,075	5,100
European Bank for Reconstruction & Development	35,572	35,222	35,431
Inter-American Development Bank - Multilateral Investment Fund	24,431	24,853	25,000
Inter-American Investment Corporation	18,233	-	-
International Fund for Agricultural Development	14,906	14,916	15,000
Arrears	[65,403]	[97,457]	[58,700]
International Organizations & Programs (IO&P)	168,881	319,752	304,450
IRAQ RELIEF AND RECONSTRUCTION FUND (IRRF)	2,236,149	18,439,000	-
GRAND TOTAL, FOREIGN OPERATIONS w/IRRF	23,676,512	38,003,170	21,331,330

Department of State Overview

Mission

Create a more secure, democratic, and prosperous world for the benefit of the American people and the international community.

Values

Loyalty:	Commitment to the United States and the American people.
Character:	Maintenance of high ethical standards and integrity.
Service:	Excellence in the formulation of policy and management policy and management practices, regardless of personal views.
Accountability:	Responsibility for meeting the highest performance standards.
Community:	Dedication to teamwork, professionalism, diversity, and the customer perspective.

Performance Management Methodology

The Department is committed to and focused on utilizing the funds it receives from Congress - the tax dollars of American citizens - to produce successful results. To do so, the Department utilizes a six-tiered performance management methodology, as depicted in the pyramid which follows. Each of the components of the pyramid is explained below:

<i>Strategic Objectives</i>	An organizing layer between the mission statement and the strategic goals, with related strategic goals grouped under a specific strategic objective.
<i>Strategic Goals</i>	The Department's long-term goals as detailed in its Strategic Plan.
<i>Performance Goals</i>	Desired outcomes the Department is planning to achieve that are necessary for attaining the strategic goals. The Department has thirty-eight performance goals.
<i>Initiatives/Programs</i>	Specific functional and/or policy areas, including OMB PART programs, to which the Department of State devotes significant resources.

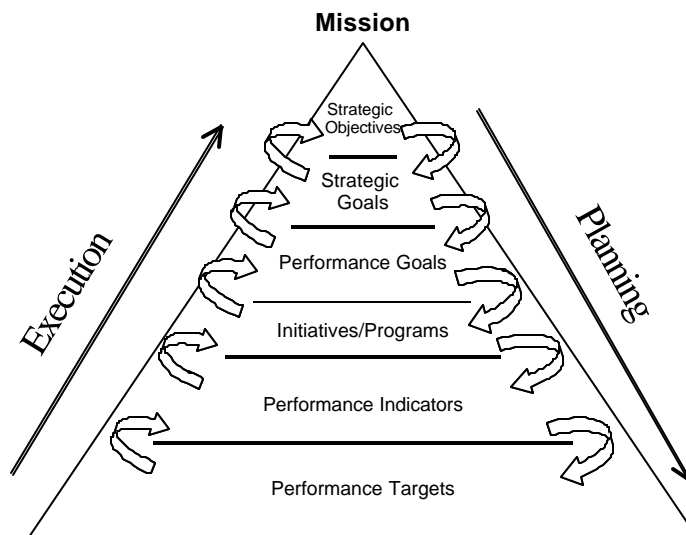
Performance Indicators

Values or characteristics that the Department utilizes to measure progress achieved towards stated annual performance goals. The indicators are drawn from bureau and mission performance plans.

Performance Targets

Expressions of desired performance levels or specific desired results targeted for a given fiscal year. Achievement of targets defines success. Where possible, targets are expressed in quantifiable terms.

Performance Management Model

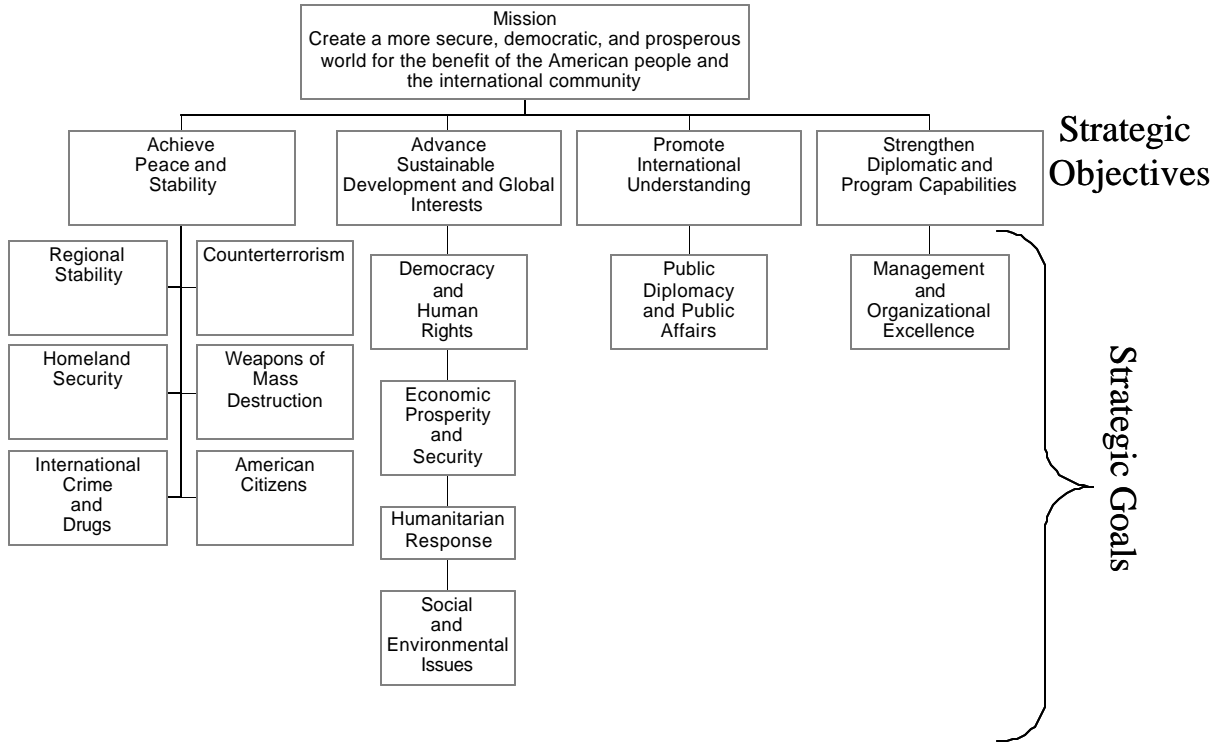


Strategic Planning Framework

Consistent with its performance management methodology shown on the previous page, the Department focuses its work around twelve strategic goals that capture both the breadth of its mission and its specific responsibilities. The Department's twelve strategic goals are centered around four core strategic objectives:

- **Achieve Peace and Security**
- **Advance Sustainable Development and Global Interests**

- Promote International Understanding
- Strengthen Diplomatic and Program Capabilities



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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 2003 Actual	FY 2004 Estimate	FY 2005 Request
EXIM-Admin	67,856	72,467	73,200
EXIM-Dir Loan	(13,000)	(18,000)	(44,000)
EXIM-Inspector General	-	-	1,140
EXIM-Loan Act	509,566	-	125,700

The FY 2005 budget request of \$125.7 million in loan program funds—in combination with unused authority carried over from prior years--will support \$12 billion in export credit authorizations. The budget also requests \$73.2 million for administrative expenses.

Ex-Im Bank sustains and increases American jobs by financing the exports of U.S. goods and services that would otherwise not go forward. Ex-Im's strategy involves:

- matching foreign officially sponsored export credit competition.
- assuming commercial and political risks that U.S. exporters or private sector institutions are unwilling or unable to undertake.
- overcoming limitations in private sector export financing.

The Bank pursues its objectives by using tools such as direct loans, loan guarantees, working capital guarantees, and insurance. It will finance the export of all types of goods or services, including commodities, as long as they are not military-related (certain exceptions exist). Two of the Bank's major mandates are to increase the export of environmental goods and services, which are in strong demand among the developing nations, and to expand the amount of U.S. small businesses exports.

Overseas Private Investment Corporation

(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
OPIC-Admin	39,626	41,141	42,885
OPIC-CF	23,844	23,858	24,000
OPIC-NOC	(302,851)	(264,000)	(254,000)

The Overseas Private Investment Corporation (OPIC) is the primary U.S. government agency focused on private sector investment in the developing world. OPIC helps U.S. businesses to invest in more than 150 countries, promoting development while serving important foreign policy goals. Serving as a catalyst for private sector development, OPIC continues to play a meaningful role in the development of the very regions where instability poses foreign policy and national security challenges to the nation. OPIC mobilizes and leverages private investment in sectors and regions most in need of development.

OPIC contributes to 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 receive direct appropriations, but instead is granted 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 2005, this contribution is estimated to be \$187 million.

To continue this self-sustaining approach to government in FY 2005, OPIC requests the authority to spend \$42.9 million of its revenues for administrative expenses. The total includes \$41.9 million for baseline administrative needs and \$1 million for important information technology (IT) improvements. In addition, in FY 2005 OPIC requests \$24 million in credit funding to support an estimated \$900 million of direct loans and loan guarantees. The \$24 million credit-funding request is the same as approved in the FY 2004 budget. With the exception of FY 2002, when no credit funding dollars were authorized due to the availability of carry-over funding, OPIC has been authorized \$24 million in credit funding in every year since FY 2000.

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. Investors also 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.

OPIC seeks to align its activities with broader U.S. policy priorities. For example, supporting small business will remain an OPIC priority in FY 2005. OPIC has made significant progress in this area during the last year, building on a cooperation agreement with the Small Business Administration (SBA) the recently opened OPIC Small Business Center.

Iraq also is an emerging area of OPIC activity. OPIC's ability to mobilize private capital by mitigating risk will help in moving beyond simple grant assistance to genuine private sector led economic development. Recent legislation authorized OPIC to operate in Iraq, subject to congressional approval of projects. OPIC currently is developing a pipeline of projects for Iraq reconstruction, using its finance and political risk insurance programs.

Housing is another area in which OPIC can support American development goals. Between two and three billion people in the developing world have inadequate housing. OPIC's initiative in the area of housing finance has received increased emphasis under the new Administration. The focus has broadened from an original emphasis on Central America and the Caribbean to include new and important geographic regions such as Sub-Saharan Africa, the Balkans, and Eurasia.

Trade and Development Agency

(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
TDA	46,706	49,707	50,000

The U.S. Trade and Development Agency (TDA) advances economic development and U.S. commercial interests in developing and middle income countries. The agency funds various forms of technical assistance, feasibility studies, training, orientation visits, and business workshops that support the development of a modern infrastructure and a fair and open trading environment.

TDA's support of sound policy and decision-making in host countries fosters trade, investment, and sustainable economic development. In carrying out its mission, TDA targets beneficiary country economic sectors that may benefit from the purchase of U.S. goods and services. TDA delivers its funding through commercially oriented means. The agency's proposed development activities further the administration's key foreign assistance priorities while increasing U.S. private sector participation abroad.

In FY 2005, TDA increasingly will concentrate on priorities such as supply chain security and management, trade capacity building, reconstruction efforts, and the environment. Work on the environment involves projects designed to enhance or protect the environment or to assist industrial entities to meet environmental standards.

TDA will continue to introduce a broad range of U.S. firms to foreign commercial opportunities. The agency will work with other U.S. Government agencies to harness their expertise and resources for development objectives. Partner agencies include the Departments of Agriculture, Commerce, Energy, Homeland Security, State, and Treasury, as well as the U.S. Trade Representative.

BILATERAL ECONOMIC ASSISTANCE

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

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UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT

Program Overview
Child Survival and Health Programs Fund
Child Survival and Health Programs Fund Detail
Development Assistance
Development Assistance Detail
International Disaster and Famine 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 2003 Actual	FY 2004 Estimate	FY 2005 Request
USAID	4,420,954	4,234,670	3,928,500
USAID-SUP	168,300	276,600	-

The Bush Administration's National Security Strategy identifies development, diplomacy, and defense as the core, interdependent components of U.S. foreign policy. In the current complex national security environment, economic and political development plays a critical and pivotal role. Over the past two years, the War on Terrorism and the reconstruction of Iraq and Afghanistan have highlighted the importance of foreign assistance in U.S. national security policy.

The U.S. Agency for International Development (USAID) is moving in new directions to meet the evolving foreign assistance challenges. For the first time, the State Department and USAID have coordinated and integrated their foreign policy and development goals in a joint State/USAID five-year strategic plan. USAID is focused on performance-based management. The Agency applied the Performance Assessment Rating Tool (PART) to assess the following programs: Family Planning, Global Climate Change, Food Aid, Transition Initiatives, and Latin America and the Caribbean (Development Assistance and Child Survival and Health) programs. Furthermore, the Agency developed a generalized strategic budgeting model that takes into account country need, program performance and country commitment in key areas such as economic freedom, investment in people and ruling justly. The Agency integrated the results of the PART and strategic budgeting to develop country allocations. To continue these and other management improvements and to sustain improvements in implementation of its priority programs, USAID's first management priority is the rebuilding of its foreign service through the Development Readiness Initiative, a program which builds on Secretary Powell's Diplomatic Readiness Initiative and whose goal is to make the Agency more agile and better able to respond to foreign policy priorities. Management improvements that are led by a world-class foreign service and a dedicated civil service will lay the foundation for a strengthened U.S. role in international development.

The FY 2005 budget request is the first under the joint State/USAID strategic plan and reflects the Administration's integrated approach to foreign policy and national security. Using a formal strategic budgeting model, the FY 2005 budget request takes into account foreign policy considerations, the developmental needs of the country, the commitment of the host government, and the performance of the USAID program. The FY 2005 budget will enable USAID fulfill its mandate to:

- promote transformational development to bring far-reaching, fundamental changes to institutions of governance, human capacity, and economic structure that help countries to sustain further economic and social progress without continued dependence on foreign aid;
- strengthen fragile states through stabilization, reform, and recovery programming in selected failing, failed, and recovering states;
- provide humanitarian relief to meet immediate human needs in countries afflicted by violent conflict, crisis, natural disaster, or persistent dire poverty;
- support geo-strategic interests to achieve specific U.S. foreign policy goals in countries of high priority from a strategic standpoint; and

- address global and transnational issues including HIV/AIDS, other infectious diseases, biodiversity, climate change, direct support for international trade agreements, trafficking in persons, and counter-narcotics.

Program Pillars and Priorities

USAID structures its program around three functional pillars to concentrate and manage its technical capability and knowledge: (1) Economic Growth, Agriculture, and Trade, which includes environment and education; (2) Global Health, which includes child survival and maternal health, HIV/AIDS, infectious diseases, and family planning and reproductive health; and (3) Democracy, Conflict, and Humanitarian Assistance, which promotes good governance, prevention and mitigation of conflict, and human rights. The fourth pillar is the Global Development Alliance (GDA), which promotes public-private alliances to address all sectors of development, i.e., poverty, disease, and hunger. The GDA model allows USAID to leverage the resources of non-governmental organizations, the private sector, and other donors to achieve a much greater impact that is possible with USAID's limited resources alone.

The USAID priorities under the FY 2005 budget will:

- Continue the Development Readiness Initiative (DRI), which builds on Secretary Powell's Diplomatic Readiness Initiative, to increase the Agency's management and implementation capacity. Along with USAID's management reform initiatives, DRI will make the Agency more agile, better able to respond to changes national security interests, and is critical to the Agency's achievement of the following important foreign policy priorities in FY 2005.
- Support the foremost U.S. foreign policy goal of winning the War on Terrorism, with special emphasis on the reconstruction of Afghanistan and Sudan, as well as other front-line states in the Asia and Near East (ANE) and Africa (AFR) regions.
- Work in partnership with the Millennium Challenge Account (MCA), and help countries meet MCA eligibility. The MCA will select countries in need that demonstrate a commitment to ruling justly, investing in their people, and encouraging economic freedom to work in partnership towards their own strategies for strengthening development and reducing poverty. The Agency will develop a partnership with MCA for those countries meeting its eligibility criteria to create synergies and avoid duplication of efforts. Special emphasis will be given to helping countries with strong commitment to overcome hurdles that would permit them accession to MCA funding in the future.
- Promote economic growth to move countries with isolated and stagnant economies into the global trading system, and promote human rights and democracy building – thus providing hope and opportunities for people in the developing world. The USG is pursuing an increasing number of free trade agreements as necessary for spurring the trade and investment needed for economic growth in developing countries. These agreements will also open new markets for U.S. goods and services. USAID will provide the analysis, trade facilitation, and capacity building that governments and local organizations need for their country to participate effectively in those free trade negotiations and implementation of the signed agreements.
- Fully integrate its HIV/AIDS activities into the President's Emergency Plan for AIDS Relief under the leadership of the Office of the U.S. Global AIDS Coordinator. Priority will be given to scaling-up treatment programs, continuing prevention and care programs, and providing a contribution to the Global Fund to Fight AIDS, Tuberculosis, and Malaria.

- Anticipate the need for humanitarian assistance in fragile and failing states and provide relief to areas affected by natural and man-made disasters.

For FY 2005, \$3.9 billion is requested for seven accounts that are managed by USAID: Child Survival and Health Programs Fund, Development Assistance, International Disaster and Famine Assistance, Transition Initiatives, Operating Expenses, Capital Investment Fund, and the Development Credit Authority's administrative expenses. However, USAID will actually manage over \$8.5 billion in program funds when you factor in accounts that are jointly managed with the Department of State [the Economic Support Fund, Assistance for Eastern Europe and the Baltic States, Assistance for the Independent States of the Former Soviet Union, the Andean Counterdrug Initiative, and the Global AIDS Initiative] and \$1.185 billion in P.L. 480 Title II food aid that is appropriated through the U.S. Department of Agriculture.

Economic Growth, Agriculture, and Trade (EGAT)

The FY 2005 request for USAID's Economic Growth, Agriculture, and Trade pillar is \$1.121 billion from the Development Assistance (DA) fund. Assistance provided under this pillar will promote stronger linkages between trade and development by increasing the capacity of developing countries to participate in and benefit from trade. The request addresses global challenges and is designed to strengthen the performance results for local capacity building of governments, entrepreneurs, investors, traders, scientists, farmers, and parents' and community groups. Activities will support ten Presidential Initiatives in trade and investment, agriculture, education, and environment. USAID will revitalize agricultural programs worldwide to pursue programs that reduce hunger and provide for technology transfers, including biotechnology. Funding for basic education, higher education, and training will continue to improve the skills of the labor force. This pillar also addresses strategic issues in energy, urban development, and gender. The interrelationship and interdependence of economic growth, environmental sustainability, and the development of a country's human capital will be highlighted in this pillar.

Increased emphasis will be given to trade and agriculture as important contributors to economic growth, especially in Africa and Latin America. Economic Growth programs (\$316 million) will promote trade-led growth and development, in particular through support for implementation of the Central America Free Trade Agreement (CAFTA) and consolidation of the gains achieved in the Trade for African Development (TRADE) Initiative. Agriculture programs (\$268 million) will reduce hunger and provide for technology transfers, including biotechnology. Improved agricultural systems are an important contributor to economic growth, especially in Africa and Latin America. Education programs (\$262 million) will focus on improved access and quality of basic education principally in Africa and Latin America, continue efforts to improve teacher training, and support vocational training to improve the skills of the labor force to participate in the expanding global economy. Environment programs (\$275 million) will continue to address global climate change, biological diversity, forest and natural resource management, water and sanitation, and increase renewable and clean energy services.

Global Health

The FY 2005 request for the Global Health pillar is \$1.420 billion in the Child Survival and Health Programs Fund. Investing in the health of the world's population contributes to global economic growth, reduction of poverty, a sustainable environment, and regional security. In addition, protecting human health and nutrition in developing and transitional countries directly affects public health in the U.S. by preventing the spread of infectious diseases.

As HIV/AIDS and other infectious diseases continue to threaten the health of families and children in developing countries worldwide, USAID works to eliminate these threats and improve the health and livelihoods of people across the globe. The request for HIV/AIDS is \$600 million and will focus on priority

countries in sub-Saharan Africa, the Caribbean Basin, and South Asia. The request also includes funding for the USG contribution to the Global Fund for AIDS, Tuberculosis, and Malaria. USAID programs are integrated within the overall policy and strategic direction of the President's Emergency Plan for AIDS Relief.

The remaining \$820 million is proposed for child survival and maternal health, family planning and reproductive health, programs for vulnerable children, and the prevention of other infectious diseases. The request will be used to address the primary causes of maternal and child mortality, and to improve health care systems, primarily in sub-Saharan Africa and South Asia. Particular support also will be given to the prevention and control of tuberculosis and malaria, and programs to combat anti-microbial resistance and disease surveillance.

Democracy, Conflict, and Humanitarian Assistance

The FY 2005 request for USAID's Democracy, Conflict, and Humanitarian Assistance pillar totals \$1.8 billion and is comprised of \$208 million DA, \$385.5 million International Disaster and Famine Assistance (IDFA), \$62.8 million Transition Initiatives (TI), and \$1.185 billion P.L. 480 Title II Food Aid from the USDA Appropriation.

Promoting democratic governance, supporting countries in transition, stabilizing fragile states and responding to humanitarian crises remain high priorities in U.S. foreign assistance. Democracy and good governance are necessary conditions to spur development, reduce poverty, and preserve and foster investment in poor countries undergoing transformational development, as well as in fragile states and countries transitioning to democracy.

Democracy and Governance programs, funded with Development Assistance (DA) resources (\$208 million), continue to strengthen democratic systems of governance by encouraging credible and competitive political processes, supporting vibrant and politically active civic organizations, engendering respect for the rule of law, promoting security, fighting corruption, and fostering human rights. Programs in Afghanistan, Sudan, Pakistan, and Indonesia remain a priority.

Conflict Mitigation funds from DA are integrated into transformational development programs to help address the causes and consequences of violent conflict, which can reverse economic growth, destroy investments and shrink living standards in many countries. USAID will promote conflict management and mitigation by addressing the longer-term root causes of conflict and mitigating the conditions that can lead to violent conflict.

International Disaster and Famine Assistance (IDFA) programs (\$385.5 million) provide relief, rehabilitation, and reconstruction assistance to victims of natural and man-made disasters, and funds for famine prevention and relief. The new IDFA account was created by combining the former International Disaster Assistance (IDA) account and the essential elements of the previously proposed Famine Fund. IDFA programs support health interventions, agriculture and food security, nutrition, and water and sanitation. In addition, they target drought-affected populations and help to avert famine in places such as Ethiopia. IDFA funds complement DA funds in fragile states emerging from complex emergencies, including Afghanistan, Iraq, Liberia, Sudan, and the Democratic Republic of Congo. The requested funding will enable USAID to maintain its unique capability to respond rapidly when international emergencies occur, and to expand its repertoire of programs to address emerging food security problems that could lead to famine conditions.

Transition Initiatives (TI) funding (\$62.8 million) responds to immediate and pressing crises and supports governments that are shifting away from authoritarian rule, emerging from violent conflict. TI funding

promotes reconciliation in post-conflict situations and helps citizens realize the benefits of peace through fast, flexible programs that deliver tangible benefits. Illustrative programs are found in Iraq, Afghanistan, Angola, Sudan, and Venezuela.

Global Development Alliance

The Global Development Alliance (GDA) is USAID's preeminent business model and the first pillar of its strategic approach. U.S. foreign aid is measured by the Official Development Assistance (ODA) that the government provides through USAID, Peace Corps, multilateral institutions, and programs sponsored by the Department of State and the Department of Defense. But many nongovernmental sources also provide aid to foreign countries and organizations: foundations, corporations, private and voluntary organizations, colleges and universities, religious organizations, and individuals. In fact, nearly \$33.6 billion in aid from private sources -- three times the official U.S. assistance figure -- are provided on an annual basis. The growing levels of private assistance open opportunities for USAID to develop stronger partnerships that can build synergies that hold the potential for leveraging more substantial resources for development than would otherwise be available from ODA alone.

The GDA is a fundamental reorientation in how USAID sees itself in the context of international development assistance, in how USAID relates to its traditional partners, and in how it seeks out and develops alliances with new partners. The GDA model extends USAID's reach and effectiveness in meeting development objectives by combining its strengths and resources with those of the private sector.

FY 2005 represents the fourth year of GDA programming. It is a business model that has become increasingly integrated into USAID strategies and practices. With \$10 million, the GDA Secretariat will fund partnerships through the EGAT pillar programs and continue the process of institutionalizing the GDA business model in the Agency.

Meeting the Management Challenge

USAID is committed to improving its business operations to ensure it remains at the forefront of international development in this new era. To accomplish this, USAID is requesting \$623.4 million in Operating Expenses (OE) to fund the administrative costs of managing over \$8.5 billion in program funds. Consistent with the Secretary's commitment to rebuild the ranks of the Foreign Service, OE funding will support the Development Readiness Initiative (DRI) to address critical overseas workforce requirements. With additional staff under DRI, the Agency will be able to manage existing programs, maintain surge capacity, and meet new demands.

USAID is addressing the President's Management Agenda and is making improvements in the Agency's internal management practices by creating simpler, more efficient personnel, finance, procurement, information and administrative systems. Performance-based management is the focus of these improvements. Opportunities are being taken to streamline processes and find better and more effective ways of doing business that will benefit our customers as well as saving Agency dollars and time.

Child Survival and Health Programs Fund

(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
CSH	1,939,563	1,824,174	1,420,000

The protection of human health and nutrition in developing and transitional countries directly affects public health in the U.S. by preventing the spread of infectious diseases that know no borders. The Child Survival and Health Programs Fund (CSH) request will support programs that expand basic health services, and strengthen national health systems to significantly improve people's health, especially that of women, children, and other vulnerable populations. Investing in the health of the developing world contributes to global economic growth, reduction of poverty, a sustainable environment, and regional security.

The CSH request for the Global Health pillar is \$1.420 billion and is focused on the following areas:

- USAID works to eliminate evolving health issues, especially the linkages between HIV/AIDS and other infectious diseases. As HIV/AIDS and other infectious diseases continue to threaten the health of families and children in developing countries worldwide, the Agency works to eliminate these threats. USAID programs are integrated within the overall policy and strategic direction of the President's Emergency Plan for AIDS Relief (PEPFAR).
- PEPFAR focuses on fourteen African and Caribbean countries. USAID will play a significant role in implementing PEPFAR, which will be managed by the Department of State's Global AIDS Coordinator. All USAID Mother to Child HIV Prevention activities in the focus countries will be financed out of the Department's Global HIV/AIDS Initiative appropriation.
- CSH funded HIV/AIDS programs (\$600 million) will focus on prevention, care, and treatment efforts, and the support of children affected by AIDS, including a \$100 million contribution to the Global Fund. New programming, in line with the PEPFAR, includes scaling-up treatment programs for those who have not previously had access to such life-extending interventions.
- Other Infectious Diseases (\$139 million) programs support the prevention and control of tuberculosis and malaria, combat anti-microbial resistance, and improve disease surveillance and response capabilities.
- Child survival and maternal health programs (\$325 million) reduce the number of deaths in children under the age of five and save the lives of women in childbirth. About 7 million of the nearly 11 million annual child deaths could be prevented simply by extending coverage of proven interventions, which have always been at the core of USAID's child survival program. These interventions include such things as immunization, pneumonia and diarrhea prevention and treatment, oral rehydration, polio eradication, micronutrient deficiencies, safe birthing and antenatal care, nutrition, breastfeeding, and the USG contribution to the Vaccine Fund. USAID is also working to revitalize nutrition efforts, including food fortification and food security, to make them fundamental components of all child survival and maternal health programs
- Funding for programs for vulnerable children (\$10 million) will continue to support the Displaced Children and Orphans Fund (DCOF) which strengthens the capacity of families and communities to provide care, support, and protection for orphans, street children, and war-affected children.

- Family planning and reproductive health programs (\$346 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, decrease maternal deaths associated with childbirth, and reduce abortion. These programs are integrated with programs that protect human health. Total funding for these programs remains at \$425 million, with \$346 million from CSH, and the balance of \$79 million from accounts co-managed with the Department of State (e.g., the Economic Support Fund, Assistance for Eastern Europe and the Baltic States, and Assistance for the Independent States of the Former Soviet Union).

USAID's health programs will continue to emphasize quality assurance in health care delivery, cutting waste and inefficiency, strengthening strategic planning and management systems, and developing host-country capacities. Further, USAID is helping health service delivery organizations manage the finances, drugs and human resources needed to deliver increasingly complicated therapies, such as those for HIV/AIDS and chronic diseases.

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

	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
Africa			
Angola	7,797	7,700	7,130
Benin	6,638	7,550	7,910
Burundi	750	880	1,731
Democratic Republic of Congo	15,916	22,050	20,022
Eritrea	5,600	5,050	5,605
Ethiopia	30,752	34,500	39,191
Ghana	19,150	18,620	18,560
Guinea	6,860	6,600	6,202
Kenya	36,488	34,100	31,962
Liberia	2,627	2,400	1,997
Madagascar	9,293	10,015	11,200
Malawi	17,480	19,400	18,900
Mali	13,821	14,300	13,974
Mozambique	22,601	19,700	19,730
Namibia	7,601	2,150	2,150
Nigeria	47,911	42,550	43,724
Rwanda	16,168	13,350	13,406
Senegal	15,167	14,325	15,873
Sierra Leone	784	300	-
Somalia	250	100	-
South Africa	28,565	23,328	24,011
Sudan	700	11,500	11,000
Tanzania	25,040	21,200	19,856
Uganda	41,114	34,460	34,294
Zambia	37,904	34,200	34,100
Zimbabwe	11,923	11,100	11,369
Africa Regional	82,258	29,292	31,830
REDSO/ESA	10,452	12,500	11,009
West Africa Regional	19,461	19,300	21,464
Subtotal - Africa	541,071	472,520	478,200
East Asia and the Pacific			
Burma	2,000	-	-
Cambodia	22,100	29,860	25,300
Indonesia	31,955	34,000	32,300
Laos	1,000	-	-
Philippines	22,920	29,350	28,000
Thailand	1,500	-	-
Vietnam	5,300	6,600	5,700
Regional Development Mission / Asia	-	16,620	15,500

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

	FY 2003	FY 2004	FY 2005
	Actual	Estimate	Request
Subtotal - East Asia and the Pacific	86,775	116,430	106,800
Europe and Eurasia			
Central and Eastern Europe Regional	250	250	250
Central Asian Republics	1,000	1,000	1,000
Russia	3,000	3,000	3,000
Ukraine	1,750	1,750	1,750
Subtotal - Europe and Eurasia	6,000	6,000	6,000
International Organizations			
International Organizations/Partnerships	386,935	570,360	244,408
Subtotal - International Organizations	386,935	570,360	244,408
Near East			
Iraq	40,000	-	-
Subtotal - Near East	40,000	-	-
South Asia			
Afghanistan	45,975	21,000	22,000
Bangladesh	27,600	36,000	36,300
India	47,438	48,300	43,400
Nepal	19,899	24,840	23,350
Pakistan	15,645	25,600	21,050
Sri Lanka	300	300	300
Subtotal - South Asia	156,857	156,040	146,400
Western Hemisphere			
Bolivia	18,594	15,302	16,139
Brazil	10,300	9,850	7,638
Dominican Republic	12,508	12,700	11,354
Ecuador	-	-	351
El Salvador	9,800	7,150	8,871
Guatemala	12,017	11,400	9,723
Guyana	4,200	1,700	1,700
Haiti	19,207	19,626	16,525
Honduras	13,400	12,777	10,777
Jamaica	3,713	3,117	4,339
Mexico	5,200	3,700	3,230
Nicaragua	9,830	7,805	6,913
Paraguay	1,959	2,125	1,907
Peru	19,912	17,282	13,037

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

	FY 2003	FY 2004	FY 2005
	Actual	Estimate	Request
Caribbean Regional	4,233	3,733	4,637
Central American Regional	4,950	4,950	6,708
International Mother & Child HIV Prevention	4,000	-	-
LAC Regional	7,194	12,128	4,622
South America Regional	2,300	2,155	1,829
Subtotal - Western Hemisphere	163,317	147,500	130,300
Global			
Asia-Near East Regional	11,097	2,280	2,900
Democracy, Conflict & Humanitarian Assistance	64,555	5,130	2,050
Global Health	324,900	328,020	299,342
Other Programs	152,746	14,594	-
Program & Policy Coordination	5,310	5,300	3,600
Subtotal - Global	558,608	355,324	307,892
Total	1,939,563	1,824,174	1,420,000

Development Assistance

(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
DA	1,479,972	1,376,829	1,329,000

The Development Assistance (DA) request reflects the President's commitment to promoting sustained economic growth in developing and transitional countries, with measurable goals and concrete benchmarks for achieving these goals. This request will support the key factors for sustainable economic growth: trade and investment, agriculture, education, environment, health, and democracy. The Administration's FY 2005 DA request includes funding for two of the three program pillars, with a limited amount for the Global Development Alliance.

The DA request for the Economic Growth, Agriculture, and Trade (EGAT) pillar is \$1.121 billion and will focus on building stronger economies that are soundly-governed, broadly-based, and integrated into the global trading system. The economic growth pillar programs also encompass environment, energy, gender, urban development, and education activities. The request will support Presidential Initiatives in trade and investment, agriculture, environment (e.g., water, energy, biodiversity, forestry, global climate change, and illegal logging), and education.

- Economic Growth (\$316 million) programs focus on trade and investment, by strengthening private markets, providing access to economic opportunity for the rural and urban poor, and supporting micro-enterprise lending -- thereby, increasing the capacity of developing countries to participate in, and benefit from, global trade and investment. This request promotes stronger linkages between trade and development by increasing the capacity of developing countries to participate in and benefit from trade and investment. Specific Presidential Initiatives include the Central America Free Trade Agreement (CAFTA), the Trade for African Development (TRADE) Initiative, and the Digital Freedom Initiative.
- Agriculture (\$268 million) programs will strengthen agricultural capability in developing countries, especially in sub-Saharan Africa under the President's Initiative to End Hunger in Africa and in South Asia, and will encourage public and private donors and development partners to do the same. Programs will mobilize science and technology to reduce poverty and hunger; develop global and local trade opportunities for farmers and rural industries; increase knowledge at the local level; and promote sustainable agriculture and sound environmental management.
- Education programs (\$262 million) include \$212 million for basic education programs that will strengthen pre-primary, primary and secondary education, and teacher training. Efforts are focused primarily in Africa and Latin America with two Presidential Initiatives, African Education and the Centers for Excellence in Teacher Training. Programs also include targeted work in South Asia and the Near East. USAID's programs strongly emphasize the need to ensure equitable access for girls, especially in Africa and the Near East. DA will also fund programs for higher education, and workforce training (\$50 million). Education is an important long-term investment in sustaining democracies, improving health, increasing per capita income and conserving the environment.
- Environmental programs (\$275 million) will improve management of natural resources by investing in programs that provide conservation of biological diversity, renewable and clean energy, access to clean water and sanitation, watershed management, and environmentally sound urbanization. USAID manages five Presidential Initiatives that are key components of sustainable economic growth. The Water for the Poor Initiative will improve sustainable management of water resources and accelerate the international efforts to halve by 2015 the proportion of people who are unable to reach or afford

safe drinking water. The Congo Basin Forest Partnership Initiative promotes economic development, poverty alleviation, improved governance, and natural resource management. The Clean Energy Initiative provides access to affordable, reliable, clean and efficient energy. The Global Climate Change Initiatives promotes economic growth that minimizes the growth in greenhouse gas emissions, thereby helping to reduce the planet's vulnerability to climate change. The Initiative Against Illegal Logging is the most comprehensive strategy yet undertaken by any nation to address this critical challenge and reinforces the U.S. leadership role in the protection of the world's environment. Through this initiative, the Sustainable Forest Products Alliance supports efforts to reduce the flow of illegally-logged timber into world markets. The initiative focuses on three critical regions – the Congo Basin, the Amazon Basin and Central America, and South and Southeast Asia.

The DA request for the Democracy, Conflict, and Humanitarian Assistance (DCHA) pillar is \$208 million, and will focus on promoting good governance and stability as necessary pre-conditions for sustaining or preserving development investments in all sectors.

- This request is based on the premise that democratic governments are more likely to observe international laws, stand firm with the United States in the War on Terrorism, and pursue policies to reduce poverty, hunger, and suffering.
- DA resources will strengthen democratic systems of governance by supporting elections, encouraging credible and competitive political processes, encourage vibrant and politically active civil societies, engender respect for the rule of law, promote security, and tackle anti-corruption and foster human rights.
- In countries vulnerable to, or emerging from, civil conflict, USAID will pursue solutions to conflict and state failure, remove the immediate obstacles to peace, and provide technical assistance to tackle underlying causes of conflict that may jeopardize USAID's long-term development goals. The Agency's work in the areas of democracy and governance, as well as economic growth, will complement the conflict prevention and mitigation programming in that the strength and health of political, economic, and social institutions are a critical factor in determining whether conflict will emerge.
- In addition to the DA request, the FY 2005 request for the DCHA pillar includes \$385.5 million in International Disaster and Famine Assistance (IDFA), \$62.8 million in Transition Initiatives (TI), and \$1.185 billion in P.L. 480 Title II Food Aid funding (which provides commodities and ancillary funds for enhancing food security in the developing world).

Development Assistance
(\$ in thousands)

	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
Africa			
Angola	4,568	3,600	4,544
Benin	9,403	7,430	7,077
Burundi	4,400	1,782	1,543
Democratic Republic of Congo	11,376	8,015	7,427
Djibouti	2,000	-	-
Eritrea	4,560	1,240	781
Ethiopia	19,686	18,263	15,529
Ghana	20,716	14,879	11,500
Guinea	16,717	11,827	10,888
Kenya	14,183	10,010	12,171
Liberia	3,758	-	545
Madagascar	10,504	9,506	10,379
Malawi	9,849	11,737	10,295
Mali	26,581	24,296	20,793
Mozambique	27,567	24,261	18,319
Namibia	4,851	5,726	6,558
Nigeria	23,385	13,601	15,590
Rwanda	6,555	4,810	5,121
Senegal	15,014	12,781	10,548
Sierra Leone	3,007	3,727	3,269
Somalia	3,122	899	986
South Africa	34,393	28,678	26,789
Sudan	18,171	50,263	70,000
Tanzania	12,769	7,000	7,132
Uganda	27,183	27,182	20,450
Zambia	15,676	13,677	11,150
Zimbabwe	2,919	746	1,246
Africa Regional	59,656	69,827	77,423
Anti-Corruption Initiative	-	6,000	7,500
Competitive Initiative Funds	-	36,000	39,500
Congo Basin Forest Partnership	15,000	15,000	15,000
REDSO/ESA	23,774	17,172	16,579
Regional Center for Southern Africa	21,115	18,999	18,363
West Africa Regional	18,232	14,846	14,405
Subtotal - Africa	490,690	493,780	499,400

Development Assistance
(\$ in thousands)

	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
East Asia and the Pacific			
Cambodia	3,687	2,000	2,200
Indonesia	39,016	31,291	32,742
Laos	1,000	-	-
Philippines	28,209	22,068	26,076
Thailand	1,250	-	-
Vietnam	7,671	3,000	4,500
Regional Development Mission / Asia	-	9,800	12,500
Subtotal - East Asia and the Pacific	80,833	68,159	78,018
Near East			
Lebanon	-	400	-
Morocco	6,644	5,400	6,000
Yemen	2,000	-	-
Subtotal - Near East	8,644	5,800	6,000
South Asia			
Afghanistan	43,817	150,000	150,000
Bangladesh	21,391	18,850	19,187
India	34,495	25,739	25,400
Nepal	10,247	11,274	11,000
Pakistan	34,500	42,350	29,000
Sri Lanka	6,150	4,750	6,624
Subtotal - South Asia	150,600	252,963	241,211
Western Hemisphere			
Bolivia	12,082	12,032	14,454
Brazil	7,967	7,876	6,993
Dominican Republic	8,631	10,982	8,324
Ecuador	7,127	6,821	6,953
El Salvador	26,334	28,605	17,342
Guatemala	14,810	11,099	6,647
Guyana	2,180	2,750	4,957
Haiti	13,999	8,119	7,963
Honduras	24,112	22,367	19,925
Jamaica	13,713	13,234	17,532
Mexico	10,440	17,855	13,915
Nicaragua	23,460	27,206	25,311
Panama	5,499	5,322	5,446
Paraguay	3,895	4,140	4,040
Peru	16,437	15,036	10,492

Development Assistance
(\$ in thousands)

	FY 2003	FY 2004	FY 2005
	Actual	Estimate	Request
Amazon Environmental Initiative	-	10,000	-
Caribbean Regional	8,775	3,935	11,799
Central American Regional	24,383	16,487	21,582
LAC Regional	36,734	41,574	32,500
South America Regional	-	2,400	5,525
Subtotal - Western Hemisphere	260,578	267,840	241,700
Global			
Asia-Near East Regional	38,982	24,818	18,571
Democracy, Conflict & Humanitarian Assistance	190,472	77,220	77,700
Economic Growth, Agriculture and Trade	182,759	150,810	150,600
Global Development Alliance	29,800	15,000	10,000
Legislative and Public Affairs	750	1,960	1,400
Other Programs	40,192	12,499	-
Program & Policy Coordination	5,672	5,980	4,400
Subtotal - Global	488,627	288,287	262,671
Total	1,479,972	1,376,829	1,329,000

International Disaster and Famine Assistance

(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
IDFA	288,115	253,993	385,500
IDFA-SUP	143,800	220,000	-

The International Disaster and Famine Assistance (IDFA) account funds humanitarian programs that provide relief, rehabilitation, and reconstruction assistance to victims of natural and man-made disasters, and funds famine prevention and relief activities. IDFA funding supports USAID's Democracy, Conflict, and Humanitarian Assistance pillar.

IDFA 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 and man-made disasters; (3) reduce the economic impact of disasters on individual livelihoods by supporting and enhancing local capacities and coping mechanisms; and (4) support early intervention to either pre-empt famine or mitigate the impact.

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.

In FY 2003, USAID responded to 63 disasters in 53 countries, 48 natural disasters and 15 complex emergencies. 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.

Increasing emphasis is being placed on applying preparedness and mitigation lessons learned to deal with complex emergencies. While it is not possible to predict which countries will need humanitarian assistance in the future, countries such as Afghanistan and Sudan continue to be a cause for concern.

- Afghanistan. In FY 2003, USAID assisted Afghanistan's citizens through programs in nutrition and food security, primary health care, water and sanitation, shelter and rehabilitation. USAID and its partners have been particularly successful in the shelter sector, with partner organizations providing winter shelter to vulnerable households in urban and rural settings throughout the country. USAID-funded removal of snow from the Salang Tunnel allows for the uninterrupted movement of humanitarian aid and private commerce during the winter months between the south and north of the country. IDFA programs in Afghanistan will continue in FY 2004.
- Sudan. Continued involvement by the United States in trying to end Sudan's nearly 20 years of war is now starting to yield results. The USAID-funded Sudan Task Force has been intimately involved in efforts to bring representatives of the Government of Sudan and the Sudan People's Liberation Movement together to create a framework for the cessation of hostilities. An end to fighting could permit the return of millions of internally-displaced persons to their homes. The Task Force also has played an important role in getting the warring factions to allow for major improvements in humanitarian access to parts of Sudan. Once a final peace settlement is negotiated, FY 2004 IDFA programs will play an important role in the reconstruction of that country. \$100 million of the FY 2005 request is for new programs to assist the peace process in Sudan.

USAID works closely with the Departments of State and Defense to coordinate American relief efforts. In many disaster situations, 24-hour 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 U.S. private voluntary organizations (PVOs), non-governmental organizations (NGOs), other USG agencies, and other donors.

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. PVOs and NGOs are critically important partners in these efforts and play an essential role in raising resources, providing assistance, and implementing programs in the field.

The FY 2005 request includes \$50 million for famine prevention and relief and is intended to support early intervention to either pre-empt famine or mitigate its effects.

Transition Initiatives

(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
TI	61,675	54,676	62,800

The Transition Initiatives (TI) account funds humanitarian programs that provide fast, flexible interventions in conflict-prone and post-conflict countries. These funds will support programs in countries or situations where the nature of governance is shifting from authoritarian rule to more open societies. TI supports USAID's Democracy, Conflict, and Humanitarian Assistance pillar.

Transition programming covers 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 2005 request 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 U.S. Foreign Disaster Assistance) toward a more stable political and economic situation. 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 instrumental in bridging the gap between emergency relief and long-term development.

TI 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 ability to assist local partners in transforming the underlying situation may well play a key role in avoiding future large expenditures for military and humanitarian intervention.

FY 2004 funds will be used for programs in Afghanistan, Angola, Burundi, Democratic Republic of Congo, Iraq, Sri Lanka, Sudan, Venezuela, and Zimbabwe. OTI also plans to initiate programs in Bolivia, Liberia, and possibly other countries as transition opportunities develop.

In FY 2005, USAID expects to continue programs in Angola, Bolivia, Burundi, Democratic Republic of Congo, Iraq, Liberia, Sri Lanka, Sudan, and possibly Venezuela depending on events in the next few months. Transition opportunities may also suggest programs in additional countries.

Development Credit Authority

(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
USAID DCA	7,542	7,953	8,000

The Development Credit Authority (DCA) allows USAID to use credit as a flexible development tool for a wide range of development purposes. Credit promotes broad-based economic growth in developing and transitional economies. It is often the best means to leverage private funds for development purposes.

This program augments grant assistance by mobilizing private capital in developing countries for sustainable development projects. DCA is not intended for sovereign credit activities.

For FY 2005, the Administration is requesting \$21 million in transfer authority from USAID managed program accounts to provide loan guarantees in every region and in every economic sector targeted by USAID. DCA augments grant assistance by mobilizing private capital in developing countries for sustainable development projects thereby supporting the capacity of host countries to finance their own development.

In FY 2005, USAID will assist Missions in supporting such activities as rural electrification, agribusiness lending, and loans for higher education and privatized health clinics.

USAID anticipates that demand for credit resources among the geographic regions in FY 2005 may be as follows: Africa - \$5 million; Asia and the Near East - \$6 million; Europe and Eurasia - \$5 million; and, Latin America and the Caribbean - \$5 million.

Activities funded through DCA add value to USAID's overall efforts by creating competitive and efficient markets, improving policies and increasing transparency within financial institutions, increasing employment, and demonstrating to financial institutions in developing countries that mobilizing local private capital to fund activities in their own countries can be a profitable, worthy venture. In FY 2003, 42 activities approved under DCA leveraged \$266 million in loan guarantees and loan portfolios.

To conform to the Federal Credit Reform Act of 1992, the \$8 million appropriation request for credit administrative expenses reflects the total costs of development, implementation, and financial management of all USAID credit programs.

USAID Operating Expenses

(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
USAID OE	568,282	600,536	623,400
USAID OE-SUP	24,500	40,000	-

For FY 2005, the Administration is requesting \$623.4 million in Operating Expenses (OE) to fund the administrative costs of managing over \$8.5 billion in program funds. The OE budget covers the costs of salaries and benefits, overseas and Washington operations, and central support, which includes security, information technology, and human capital initiatives. The request includes funding for new initiatives and reforms to further streamline and improve operational efficiency, while maintaining proper oversight of existing programs.

Consistent with the Secretary’s commitment to rebuild the ranks of the Foreign Service, USAID will continue its Development Readiness Initiative (DRI) and fill critical skill gaps identified through a comprehensive workforce analysis. Under DRI, USAID will hire staff, over and above anticipated attrition in FY 2005 to address critical overseas workforce requirements, manage existing programs, maintain surge capacity, and meet new demands. DRI will allow the Agency to focus on recruiting, training, and retaining a high-quality workforce that can more flexibly respond to crises and emerging priorities overseas.

Overseas, USAID will open two missions in Africa, “right-size” missions worldwide, and fund critical overseas mission needs. USAID will provide resources for overseas security requirements to safeguard our overseas employees and facilities against global terrorism. The Agency will enhance physical security measures, improve emergency communications systems and provide armored vehicles. The Agency also will fund increases in International Cooperative Administrative Support Services.

To address significant management challenges, USAID will fund information technology support for a joint DOS/USAID procurement system, the installation of a joint financial management platform for two separate systems, and the establishment of a secure Agency IT environment. Joint financial management and procurement systems will serve both agencies’ needs and provide better integration of budget and performance.

USAID Capital Investment Fund
(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
USAID CIF	42,721	81,715	64,800
USAID CIF-SUP	-	16,600	-

For FY 2005, the Administration is requesting \$64.8 million in no-year funding for the Capital Investment Fund (CIF) to provide USAID with greater flexibility to manage investments in information technology and facility construction. The CIF provides funding for the capital investment portion of both information technology and facility construction while the Operating Expense account funds the non-capital investment portion, which includes the annual operating and maintenance costs of information systems and facilities infrastructure.

The Facility Construction (\$28.7 million) component will fund the construction of new office facilities co-located on new embassy compounds through the Department of State's proposed new Capital Cost-Sharing Program and relocation and communication costs for these offices. The Secure Construction and Counterterrorism Act of 1999 requires USAID to co-locate on new embassy compounds. These funds will support USAID's ability to locate staff in secure work environments.

The Information Technology (\$36.1 million) component will fund the implementation of worldwide accounting and procurement systems modernization, full participation on E-Government initiatives, and development of a joint enterprise architecture with the Department of State. A joint information technology Enterprise Architecture will allow managers to modernize both agencies' business practices while eliminating duplicate investments. These activities support Presidential Management Agenda initiatives, Agency transformation goals, and the efficiency of overseas staff.

USAID Inspector General Operating Expenses

(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
USAID OIG	33,084	34,794	35,000

The FY 2005 request for the USAID Office of the Inspector General (OIG) covers operating expenses, including salaries, 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.

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 2003 Actual	FY 2004 Estimate	FY 2005 Request
ESF	2,380,082	2,138,309	2,520,000
ESF-ERF	-	153,000	-
ESF-REIMB	40,000	-	-
ESF-SUP	2,382,000	972,000	-

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 assist in mitigating the root causes of terrorism.

For FY 2005, a total of \$2.520 billion is requested as follows:

- Africa -- \$101.3 million to assist countries to recover from conflict and bring about enduring peace; support the development of democracies, including support for human rights and free media; and promote U.S. investment opportunities in Africa.
- East Asia and the Pacific -- \$174.3 million to address democratic weaknesses in a regional where separatists movements are of growing concern; to launch new education initiatives where the system is in crisis; to support private sector led economic growth; to fund significant civil society and governance programs; to strengthen local security; and to promote women's empowerment.
- Europe and Eurasia -- \$75.5 million to promote peace and reconciliation in Ireland and Cyprus and provide balance of payments support to Turkey.
- Near East -- \$1.449 billion to continue restructuring assistance levels in the Middle East in support of regional stability, development, and comprehensive peace between Israel and its neighbors.
- South Asia -- \$564 million to help stabilize this critical regional by funding economic reconstruction and development, demobilization, democracy building, education, training, and public diplomacy programs.
- Western Hemisphere -- \$92 million to promote the Administration's priorities in the Hemisphere -- stable and prosperous democracies, thriving economies, and secure borders and cooperative neighbors -- through programs that focus on democracy and anti-corruption, trade-led economic growth, and counternarcotics.
- Global -- \$64 million to promote democracy and universal human rights; to promote environmental stewardship and advance U.S. interests in this area; to address unacceptable working conditions around the world; to prevent the trafficking in persons and protect the victims of trafficking; and more fully engage non-Arab Islamic countries.

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

Economic Support Fund
(\$ in thousands)

	FY 2003	FY 2004	FY 2005
	Actual	Estimate	Request
Africa			
Angola	3,825	3,479	3,000
Burundi	1,150	3,479	3,250
Democratic Republic of Congo	2,800	4,971	5,000
Djibouti	-	-	2,000
Djibouti SUP	25,000	-	-
Ethiopia	1,075	4,971	5,000
Kenya	2,950	7,953	8,000
Liberia	4,420	-	25,000
Nigeria	1,900	4,971	5,000
Sierra Leone	11,910	4,971	5,000
South Africa	80	1,988	1,000
Sudan	7,000	9,941	20,000
Zimbabwe	4,050	2,982	2,000
Africa Regional Fund	14,390	11,929	11,000
Africa Regional Fund REIMB	15,740	-	-
Countries in Transition	1,750	-	-
East Africa Counterterrorism REIMB	2,700	-	-
Kimberley Process	-	1,491	-
Kimberley Process REIMB	2,000	-	-
NED Democracy Programs	-	2,982	-
Regional Organizations	1,700	2,982	1,000
Safe Skies	5,000	4,971	5,000
Subtotal - Africa	109,440	74,061	101,250
East Asia and the Pacific			
Burma	6,954	12,923	7,000
Cambodia	15,000	16,900	17,000
East Timor	24,838	22,367	13,500
Indonesia	59,610	49,705	70,000
Mongolia	10,000	9,941	10,000
Philippines	15,000	17,645	35,000
Philippines SUP	30,000	-	-
ASEAN	-	994	2,500
Democracy Programs (China, Hong Kong, Tibet)	5,961	-	-
EAP Regional HIV/AIDS REIMB	1,720	-	-
Environmental Programs	-	1,740	-
NED Democracy Programs	-	2,982	-
Regional Democracy	1,000	-	-
Regional Security Fund	200	-	250
Regional Women's Issues	1,000	1,988	1,000

Economic Support Fund
(\$ in thousands)

	FY 2003	FY 2004	FY 2005
	Actual	Estimate	Request
South Pacific Fisheries	17,829	17,894	18,000
South Pacific Fisheries REIMB	171	-	-
Tibet	-	3,976	-
Subtotal - East Asia and the Pacific	189,283	159,055	174,250
Europe and Eurasia			
Cyprus	14,902	13,420	13,500
Turkey	-	99,410	50,000
Turkey SUP	1,000,000	-	-
International Fund for Ireland	24,838	18,391	8,500
Irish Visa Program	3,460	3,479	3,500
Subtotal - Europe and Eurasia	1,043,200	134,700	75,500
Near East			
Egypt	611,002	571,608	535,000
Egypt SUP	300,000	-	-
Israel	596,100	477,168	360,000
Jordan	248,000	248,525	250,000
Jordan SUP	700,000	100,000	-
Lebanon	34,772	34,794	32,000
Morocco	-	-	20,000
Yemen	9,898	11,432	20,000
Iraq Opposition	10,000	-	-
Iraq Pre-positioning	140,000	-	-
Iraq War Crimes Tribunal SUP	10,000	-	-
Middle East Democracy	4,000	-	-
Middle East Multilaterals	2,900	-	2,000
Middle East Partnership Initiative	-	89,469	150,000
Middle East Partnership Initiative SUP	90,000	-	-
Middle East Regional Cooperation	4,900	5,467	5,000
NED Muslim Democracy Programs	-	3,479	-
U.S. North Africa Economic Partnership	3,000	-	-
West Bank/Gaza	74,500	74,558	75,000
West Bank/Gaza SUP	50,000	-	-
Subtotal - Near East	2,889,072	1,616,500	1,449,000

Economic Support Fund
(\$ in thousands)

	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
South Asia			
Afghanistan	49,500	74,558	225,000
Afghanistan ERF	-	153,000	-
Afghanistan REIMB	175	-	-
Afghanistan SUP	167,000	672,000	-
Bangladesh	4,000	4,971	5,000
India	10,500	14,912	15,000
Nepal	4,000	4,971	5,000
Pakistan	188,000	-	300,000
Pakistan SUP	-	200,000	-
Sri Lanka	3,950	11,929	12,000
South Asia Regional Funds	1,900	1,988	2,000
Subtotal - South Asia	429,025	1,138,329	564,000
Western Hemisphere			
Bolivia	10,000	8,000	8,000
Bolivia REIMB	2,000	-	-
Cuba	6,000	6,959	9,000
Dominican Republic	3,000	2,982	3,000
Ecuador	14,500	12,923	13,000
Guatemala	6,500	4,971	4,000
Mexico	11,650	11,432	11,500
Nicaragua	-	-	2,500
Panama	3,000	2,982	3,000
Paraguay	3,000	2,982	3,000
Peru	8,000	7,953	8,000
Peru REIMB	2,000	-	-
Venezuela	470	497	500
Administration of Justice	5,000	4,924	-
Hemispheric Cooperation	-	9,941	-
Peru-Ecuador Peace	6,000	3,976	4,000
Regional Anticorruption Initiatives	-	-	3,000
Summit of the Americas Support	-	-	2,000
Third Border Initiative	2,500	3,976	9,000
Third Border Initiative REIMB	500	-	-
Trade Capacity Building	-	-	8,500
Subtotal - Western Hemisphere	84,120	84,498	92,000
Global			
Conflict Resolution Programs REIMB	1,494	-	-
Human Rights and Democracy Funds	31,448	34,296	27,000

Economic Support Fund
(\$ in thousands)

	FY 2003	FY 2004	FY 2005
	Actual	Estimate	Request
Lockerbie (Pan Am 103) REIMB	8,000	-	-
Muslim Outreach	-	-	20,000
Muslim Outreach SUP	10,000	-	-
Muslim Secondary Exchange Program REIMB	3,000	-	-
Oceans, Environmental and Science Initiative	1,500	3,976	3,000
Oceans, Environmental and Science Initiative REIMB	500	-	-
Partnership to Eliminate Sweatshops	2,000	1,988	2,000
Reconciliation Programs	-	7,953	-
Security and Sustainability Programs	-	2,982	-
Trafficking in Persons	-	-	12,000
Wheelchairs	-	4,971	-
Subtotal - Global	57,942	56,166	64,000
Total	4,802,082	3,263,309	2,520,000

Human Rights and Democracy Funds

(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
ESF	31,448	34,296	27,000

The promotion of democracy and universal human rights continues to be at the center of our National Security Strategy and at the top of our foreign policy agenda, having assumed an even greater importance since the tragic events of September 11, 2001. The Human Rights and Democracy Fund (HRDF) is set up to act rapidly on political openings and niches where we believe progress can be made, strengthening democracy, advancing human rights, and building civil society in countries and regions of strategic importance 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 2005, HRDF will support innovative, cutting-edge projects that provide assistance to struggling or nascent democracies or that help improve the human rights situation in key countries. HRDF programs will not duplicate other efforts. The Department of State will identify and act upon political openings where we believe progress can be made, even if only incrementally and over time. Funds will also support regional initiatives that have transnational implications. Those HRDF projects that prove viable will be proposed for ongoing funding by traditional assistance agencies.

As efforts to fight the war on terrorism continue, the Department will maintain pressure for human rights, democratic processes, and civil liberties in all countries. These challenges will be addressed by funding programs in the Middle East that promote democratic reform and result in greater political pluralism, respect for fundamental freedoms, and prosperity in close coordination with the Middle East Partnership Initiative; that support the development of political parties and civil society as well as increase respect for human rights in Central Asia; and that promote the protection and enforcement of legal rights and an independent judiciary, increase popular participation in government, and develop civil society in China. These funds also will be used to support worldwide programs that include political party building, promoting independent media, and supporting civil society and democratic institutions in African, Asian, and Latin American countries.

Muslim Outreach

(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
ESF	-	-	20,000
ESF-SUP	10,000	-	-

These funds will be used to address the challenge of engaging non-Arab Islamic countries and will be used primarily to implement cross regional projects, where appropriate (versus individual country programs), involving participants from four different regions (South Asia, East Asia and the Pacific, Africa, and Europe) to foster sharing of experiences.

In FY 2005, the funds will be used to promote democracy, including through education programs; work to change attitudes and curriculum in Muslim boarding schools; promote religious understanding and tolerance; increase women's political participation; promote judicial reform; address tolerance and promote a moderate view of Sharia law that protects human rights; advance human rights through training on universal standards; strengthen the capacity of local organizations; promote conflict resolution; strengthen political parties and processes; and improve electoral frameworks.

Oceans, Environmental and Science Initiative

(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
ESF	1,500	3,976	3,000
ESF-REIMB	500	-	-

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

The Economic Support Funds (ESF) for Oceans, Environment and Science Initiatives (OESI) advance U.S. negotiating positions, promote regional cooperation and stability, and demonstrate U.S. leadership in responding to emerging issues in international oceans, environment, science, and health. These funds also promote U.S. development, trade, economic, diplomatic, investment and commercial interests and enable host governments to develop their own policies with the full appreciation of U.S. perspectives on these issues.

The Department of State is currently negotiating and implementing agreements and promoting voluntary initiatives that directly affect U.S. interests such as biotechnology, forests, hazardous chemicals, sustainable fisheries, health, water, and sustainable development. OESI program funds will be used to further these goals by:

- Advancing the Administration's vision for a sustainable future through partnerships on water, energy/climate change, health and forests. OESI efforts include: household and community level pilot programs for access to clean water and sanitation services aimed at reducing the incidence of water-borne diseases; promoting clean energy technologies in large developing countries such as India; implementation of the Global Observation System; strengthening efforts to combat illegal logging worldwide; and implementing reform of the UN's Commission on Sustainable Development through focusing on concrete outcomes.
- Expanding trade by ensuring that free trade neither increases environmental degradation nor creates trade barriers. OESI projects will include: strengthening other countries' Export Credit Agencies' international environmental standards, thereby leveling the playing field for U.S. exports; implementing environmental work plans with Morocco and Central American nations; and increasing the capacity for domestic good governance and transparent and accountable environmental law enforcement and compliance in Africa, Latin America and Asia.
- Promoting the sustainable management of the world's fisheries and reducing land-based and vessel source pollution. OESI programs will include developing international safety standards to reduce land-based and vessel pollution, regional partnerships that address marine pollution issues (e.g., White Water to Blue Water Partnership) and deterring illegal fishing that threatens U.S. commercial fisheries' interests and the sustainable management of fisheries through enforcement capacity-building.
- Seeking scientific collaboration that advances U.S. foreign policy objectives. OESI activities will include fostering capacity building and science-based decision making in Central America, Central Asia and North Africa on coastal, marine and terrestrial habitat conservation, health, and biotechnology, and advancing space applications and technology such as the Global Information System Development, GPS and earth observation data.

- Fostering sound stewardship of the environment and natural resources. OESI efforts will include developing regional action plans to combat invasive species, strengthening chemicals management to include mercury (with a view to mitigating its adverse health impact), and moving forward on market-friendly access and benefit sharing of genetic resources policies in multilateral fora.
- Raising awareness of the unprecedented threats posed by the spread of emerging and re-emerging infectious diseases, combating bioterrorism, and improving health security. OESI efforts will include support for developing: regional centers to track and monitor emerging and re-emerging infectious diseases, bilateral and multilateral bioterrorism tabletop simulation exercises, and legislative strategies to improve control over biological pathogens in laboratory facilities in critical countries.

Half of the FY 2004 OESI program funds support a bilateral science and technology agreement with Pakistan.

Partnership to Eliminate Sweatshops

(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
ESF	2,000	1,988	2,000

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. 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.

Under the Partnership in FY 2005, we will continue to make grants available to both domestic and international applicants working overseas to promote core labor standards, corporate codes of conduct, monitoring, training, research, and other associated activities. Funds will be used to eliminate sweatshop conditions in overseas factories that produce goods for U.S. markets and thus promote corporate responsibility and economic stability.

Trafficking in Persons

(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
ESF	-	-	12,000

Eradicating modern day slavery through foreign assistance has been a policy of increasing priority since the creation of the Trafficking Victims Protection Act of 2000. In 2003, the Act was reauthorized, giving the Department of State new tools to evaluate foreign governments and assist them in fighting this egregious human rights abuse. The President made clear his commitment when he said, “the trade in human beings for any purpose must not be allowed to thrive in our time” during his plea last September to the United Nations General Assembly to protect women and children.

Through diplomatic efforts and the provision of financial support to programs and projects designed to combat trafficking, we have helped to free thousands from slave-like conditions and pushed most countries to make significant improvements in fighting trafficking. Trafficking networks, however, are deeply entrenched and organized crime groups will continue to adapt their methods as long as it is profitable. Unfortunately, human trafficking is a multi-billion dollar industry. This crime relies on the exploitation of vulnerable populations, so fighting it only through law enforcement is not enough. Victims are often brutalized and traumatized and can end up re-trafficked without proper care and rehabilitation. Without protection, victims rarely feel safe enough to testify against their traffickers.

These funds will be used to build the capacity of governments and non-governmental organizations to protect and assist victims and help institute creative ways to prevent trafficking. By assisting governments, we are also helping them improve their ranking on the annual Trafficking in Persons Report.

In addition, these funds will be used to create and support multinational efforts between source, transit, and destination countries. In East Asia, Africa, Latin America, and South Asia, funds will be used to bolster efforts of regional organizations to develop protocols for identifying, assisting, and repatriating victims. In Latin America, efforts will include public awareness and the creation of shelters including in the border areas. Funds will be used to help children out of forced work in cocoa plantations and as domestic servants in Africa. In Asia, we will increase the number of victim assistance centers and improve education and economic opportunities for young women and children at risk of being trafficked.

The use of these funds will be coordinated with other anti-trafficking resources, particularly those requested under International Narcotics Control and Law Enforcement.

Assistance for Eastern Europe and the Baltic States

(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
SEED	521,587	442,375	410,000

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 since 1989. Programs in eight countries in the northern tier have already succeeded in achieving their goals of assisting the transition to free markets and robust democracy and have been phased out. During the remaining years of SEED funding, the focus will be on Southeast Europe, primarily the Western Balkans. This region retains the ability to pull our allies, and ultimately the United States itself, into upholding our vital interests, as the conflicts in both Bosnia and Herzegovina and Kosovo and the more recent insurgencies in southern Serbia and Macedonia have demonstrated.

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 funding achieves these objectives 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 SEED recipient countries are now democracies, and almost all experienced economic growth in 2003. Extensive SEED investments during recent years have succeeded in helping the region overcome crises, so that in FY 2005 the overall request will be reduced further while maintaining the momentum of the reforms underway. In FY 2005, the U.S. contribution towards non-peacekeeping related Organization for Security and Cooperation in Europe (OSCE) activities will be funded by SEED, including maintaining OSCE field missions in the SEED region, as well as the Office of the High Representative in Bosnia.

SEED-funded programs help to 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 aim at minimizing the human costs of conflict aftermath, contribute to the protection of human health, help to achieve 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. SEED-funded bilateral and regional programs will also help to reduce the threat of transnational organized crime and HIV/AIDS.

While the SEED program has built a solid record of accomplishment, much remains to be done by the United States and its allies. Two groups of countries in South Central Europe continue to need substantial, albeit decreased, 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 and Herzegovina, Croatia, Kosovo, and, more recently, Macedonia, and Serbia and Montenegro. The aftermath of the 1999 conflicts in Kosovo, southern Serbia, and northern Macedonia continues to demand intensive U.S. assistance and leadership to establish and maintain security, promote inter-ethnic dialogue, address humanitarian needs, and strengthen democratic forces. Continued assistance in Croatia and Serbia and Montenegro will help democratically-elected governments to consolidate their successes. Bosnia and Herzegovina remains a difficult challenge, given the severe infrastructure and human damage caused by the

war and the extremism it generated. Nevertheless, we have seen progress in strengthening central institutions, minority returns, the rise of moderate parties, and the arrival of foreign banks. The United States continues to exercise leadership through both its SEED-funded assistance and military presence to ensure that the Dayton Peace Accords are implemented.

The group of neighboring countries – Albania, Bulgaria and Romania – also requires continued SEED assistance. All three suffered debilitating economic and/or political crises as a result of the 1999 Kosovo conflict that have challenged political, economic and social stability. SEED funding is helping these countries deal with their crises and move forward in their transitions.

Objectives of the SEED program for FY 2005 include the following:

- Continued support for Serbia and Montenegro as it overcomes a decade of political oppression and economic mismanagement. Efforts in Serbia will focus on economic and democratic reforms to solidify democratic gains, improvements in the effectiveness and accountability of local government, strengthening of rule of law and respect for minority rights, and helping the government to develop and implement a comprehensive program for economic, political, and administrative reform. In Montenegro, continued assistance will advance the process of democratization through support for economic reform and development of the private sector.
- Support of Macedonia's ongoing efforts to implement the Framework Agreement to restore political stability by bringing the benefits of economic and political reforms to all its citizens. Efforts will be focused at the grassroots level, including local government and police officials.
- Sustained efforts to stabilize and transform Kosovo into an economically viable, democratic self-governing entity in the period leading up to a 2005 decision point on initiating a process to determine Kosovo's status, 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.
- Implementation of the Dayton Peace Agreement in Bosnia and Herzegovina, support for minority refugee returns, enhancing the voices of the moderate political leaders, and support for economic reform with greater privatization and legal and regulatory reform.
- Robust programs working with reform-minded, democratic governments in Bulgaria and Croatia as they work to lock-in economic reforms and consolidate democracy in their efforts to join the European Union quickly. FY 2006 will be the final year of SEED funding for Bulgaria and Croatia.
- Stabilization, transformation and Euro-Atlantic integration of the countries of Southeast Europe through the development of greater intra-regional ties under the aegis of programs such as the Stability Pact for Southeast Europe.

SEED-funded assistance also supports U.S. security, democracy, commercial, and human rights interests in North Central and South Central Europe. FY 2005 SEED-funded assistance will seek to achieve the following objectives:

- Enhance security on the ground for U.S. peacekeeping troops in Kosovo and Bosnia and Herzegovina;
- Speed the stabilization process in the countries of the former Yugoslavia, allowing faster withdrawal of U.S. forces;

- Help prevent further outbreaks of armed conflict;
- Promote the establishment of domestic courts in Bosnia and Herzegovina, Serbia and Montenegro, and Croatia to try war crimes cases, both in the interest of justice and public accountability as well as to permit the International Criminal Tribunal for the Former Yugoslavia (ICTY) to finish its work more expeditiously;
- 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 U.S. businesses; and
- Improve the lives of citizens in the region through more effective government, improved social services, and a cleaner environment.

Program Assessment Rating Tool (PART) Performance Evaluation

In 2003, the Administration conducted an initial Program Assessment Rating Tool (PART) review of the Support for East European Democracy (SEED) and Assistance for the Independent States of the Former Soviet Union (FSA) programs. Both programs have unique authorizing language that lays out the purpose for which the funds are to be used. This contributed to their high ratings on program purpose and design. However, the assessment noted that there is a lack of formal strategic planning, leading to low initial results. This resulted in an overall rating of Results Not Demonstrated, or no demonstrated progress keyed directly to established long-term or annual performance goals. In order to address this, a performance measurement plan is being developed to make informed policy and resource allocation decisions, including when we consider phase out of sectors, program, or countries. This plan involves on-going evaluation of effectiveness of individual programs and implementers using measures that link to the Mission Performance Plans. This attention to the PART evaluation was taken into account in the overall decision-making process for resources allocations.

Corresponding performance information (key goals and targets) for SEED and FSA can be found in the Performance Summary volume of the integrated performance budget presentation on pages 21, 157, and 286.

Key Indicators: Freedom House *Nations in Transit* index; World Bank, World Development Indicators; EBRD *Transition Report* indices; World Bank *Small and Medium Enterprise Across the Globe: A New Database*; UNDP Human Development Index; European Centre for the Epidemiological Monitoring of AIDS, et al.

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

	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
Europe and Eurasia			
Albania	28,500	27,835	28,000
Bosnia and Herzegovina	50,150	44,735	41,000
Bulgaria	28,000	27,835	27,000
Croatia	30,000	24,853	20,000
Kosovo	85,000	78,534	72,000
Macedonia	50,000	38,770	34,000
Romania	30,500	27,835	27,000
Serbia and Montenegro	150,000	134,203	102,000
Regional SEED	69,437	37,775	59,000
Subtotal - Europe and Eurasia	521,587	442,375	410,000
Total	521,587	442,375	410,000

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

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
FSA	755,060	583,537	550,000

Given Eurasia's size, large deposits of energy resources, and borders with key countries in Europe, South Asia, and the Middle East, the United States has a vital national interest in helping it become a region characterized by stable, democratic and prosperous countries. The United States also has strong national security interests in helping the Eurasian states combat transnational threats, including the proliferation of weapons of mass destruction (WMD); trafficking in persons and narcotics; and the spread of HIV/AIDS. Most of the Eurasian states have provided critical assistance in the Global War on Terrorism, including basing and overflight rights that have been key to our ability to carry out military action in Afghanistan. A growing number are also providing troops or other assistance in Iraq and Afghanistan.

Stability across the region will be achieved only if the Eurasian states successfully complete the transition they began in 1991 from totalitarianism and centrally planned economies to democratic governance and market-based economies. Assistance programs funded under the FREEDOM Support Act (FSA) account seek to facilitate this transition by supporting emerging democratic organizations and market-based institutions. 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 enterprises throughout the region, and FSA-funded programs have supported major progress on land privatization in countries such as Ukraine, Moldova, Georgia, and the Kyrgyz Republic. FSA-funded assistance has helped reform antiquated health care systems, improve maternal and child health, and successfully treat tuberculosis.

FSA-funded assistance also helps prevent the proliferation of WMD and related technology and expertise, and combats transnational threats such as drug trafficking, organized crime, and trafficking in persons. 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 Related Border Security (EXBS) Program. FSA-funded assistance has helped Georgia build an effective Border Guard presence on the Georgian-Russian border. FSA-funded assistance programs have also 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.

The FY 2005 FSA request is \$33.5 million less than the FY 2004 level, reflecting significant reductions for Russia, Ukraine and Kazakhstan. Funding for economic reform programs in these countries will be phased down over the next several years due to their improved situation with respect to balance of payments, government budgets, and improved competitiveness. An interagency-agreed strategy is now in place to phase out FSA-funded assistance to Russia after FY 2008. Phase-out plans for Ukraine, Kazakhstan, and the other nine Eurasian countries will be developed during the coming year. These plans will take into account an assessment of progress against a broad range of economic and democratic reform indicators collected by the European Bank for Reconstruction and Development (EBRD), Freedom House, the United Nations Development Program (UNDP), and Transparency International, among others. The plans will, where appropriate, establish target phase-out dates for each country, and for particular sectors of U.S. assistance within that country.

The transition from Soviet republics into democratic states with competitive, market-based economies is a long-term, uneven process. Accordingly, 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 and on performance in actual implementation.

FREEDOM Support Act assistance in Eurasia in FY 2005 has the following objectives:

- To promote stability by attacking the underlying economic and political causes of instability, and by supporting efforts to resolve regional conflicts;
- To strengthen democracy by supporting open and transparent political processes, a solid legal framework, and checks on executive authority, including independent and capable legislative and judicial branches, robust and effective civil society organizations, and sustainable independent media.
- To make economies more competitive and open to trade and investment by supporting responsible macroeconomic policies, good financial sector regulation, and a consistent, non-politicized approach to commercial disputes.
- To broaden economic opportunity by bolstering private enterprise, especially small business, through training and increased availability of credit.
- To enhance capabilities to stop illicit trafficking in persons, narcotics and WMD.
- To improve the health of Eurasian populations, with a particular focus on infectious diseases, such as tuberculosis and HIV/AIDs.
- To provide former Soviet weapons scientists with alternative, peaceful civilian research opportunities.

Program Assessment Rating Tool (PART) Performance Evaluation

In 2003, the Administration conducted a Program Assessment Rating Tool (PART) review of the Support for East European Democracy (SEED) and Assistance for the Independent States of the Former Soviet Union (FSA) programs. Both programs have unique authorizing language that lays out the purpose for which the funds are to be used. This contributed to their high ratings on program purpose and design. However, the assessment noted that there is a lack of strategic planning, leading to low initial results. This resulted in an overall rating of Results Not Demonstrated, or no demonstrated progress keyed directly to established long-term or annual performance goals. In order to address this, a performance measurement plan is being developed to make informed policy and resource allocation decisions, including when we phase out of countries. This plan involves on-going evaluation of effectiveness of individual programs and implementers using measures that link to the Mission Performance Plans. This attention to the PART evaluation was taken into account in the overall decision-making process for resources allocation.

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Database; UNDP Human Development Index; European Centre for the Epidemiological Monitoring of AIDS; et al.

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

	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
Europe and Eurasia			
Armenia	89,415	74,558	62,000
Azerbaijan	45,938	38,782	38,000
Belarus	9,045	6,850	6,500
Georgia	84,056	71,376	90,000
Kazakhstan	43,416	33,342	28,000
Kyrgyz Republic	37,878	35,938	33,000
Moldova	30,242	21,898	17,500
Russia	143,307	93,445	79,500
Tajikistan	25,853	24,411	25,000
Turkmenistan	7,805	5,700	6,000
Ukraine	138,700	92,589	79,500
Uzbekistan	39,435	35,688	36,000
Regional FSA	59,970	48,960	49,000
Subtotal - Europe and Eurasia	755,060	583,537	550,000
Total	755,060	583,537	550,000

INDEPENDENT AGENCIES

Peace Corps
Inter-American Foundation
African Development Foundation
Millennium Challenge Corporation

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Peace Corps
(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
Peace Corps	295,070	308,171	401,000

Requested funding will permit the Peace Corps to reach its goal of 8,600 American serving in the agency by the end of FY 2005. Funding also will allow for the opening of two new country programs, ensure the safety of every Volunteer and staff member, and provide resources for improvements in human resources management and overseas communications. The Peace Corps is reaching a 28-year high of Volunteers in the field in FY 2004 and remains committed to the pursuit of the President's goals for growth.

The three core goals of the Peace Corps are as relevant today as they were forty-three years ago:

- To help the people of interested countries in meeting their need for trained men and women.
- To help promote a better understanding of Americans on the part of the peoples served.
- To help promote a better understanding of other peoples on the part of Americans.

Through the work and contributions of its Volunteers, the Peace Corps has emerged as a model of success for encouraging sustainable development at the grass-roots level. Volunteers work to improve the quality of education for children, to protect the local environment, and to create economic opportunities. Volunteers also implement projects to prevent the spread of HIV/AIDS, help provide food security and access to potable water. Moreover, they train students to use computers and help communities establish resource centers with Internet access.

The Peace Corps, however, is much more than a development agency. Its larger purpose is to empower people in developing countries to take charge of their own futures and strengthen the bonds of friendship and understanding between Americans and the people of other cultures. The on-the-ground, people-to-people relationships that Peace Corps Volunteers forge with their host country colleagues and communities serve as a crucial foundation for international peace and understanding.

Through their service, Volunteers make lasting contributions to the United States in the following ways:

- *Representing American Values and Diversity:* The women and men who serve as Peace Corps Volunteers reflect the rich diversity of our country and represent some of the finest characteristics of the American people: a strong work ethic, a generosity of spirit, a commitment to service, and an approach to problems that is both optimistic and pragmatic. They are afforded no special privileges and often live in remote, isolated communities. They speak local languages and adapt to the cultures and customs of the people they serve. In this process, Volunteers share and represent the culture and values of the American people, and in doing so earn respect and admiration for our country—among people who often have never met an American.
- *Preparing America's Work Force with Overseas Experience:* Peace Corps training and service provide skills that are increasingly important to America's participation in the international economy. Volunteers worldwide learn more than 180 languages and dialects, and they receive extensive cross-cultural training that enables them to function effectively at a professional level in different cultural settings. Returned Volunteers often use these skills and experiences to enhance careers and make contributions to our society in virtually every sector—Congress, the Executive branch, the Foreign Service, education, business, finance, industry, trade, health care, and social services.

- *Educating Young Americans:* Through the Coverdell World Wise Schools Program, thousands of current and returned Peace Corps Volunteers share their experiences in developing countries with students in America's classrooms. This successful program allows young Americans to learn about the peoples and cultures of other countries and to interact with positive role models who have engaged in public service as Peace Corps Volunteers. These exchanges have allowed American students—especially those who have not had the opportunity to travel or to experience another culture—to gain a global perspective and to realize that they can make a difference in their communities and in the world.
- *Contributing to America's Legacy of Service:* Encouraging service and volunteerism among the American people is part of a long tradition in the United States. Over one hundred thousand people contact the Peace Corps each year seeking information about serving as a Volunteer. When Volunteers complete their overseas service, many continue their commitment to volunteerism by offering their time and skills to community volunteer programs across the country.

Inter-American Foundation

(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
IAF	16,095	16,238	15,185

The Inter-American Foundation (IAF) supports grassroots development initiatives in Latin America and the Caribbean with a direct impact on the lives of people at the lowest economic levels. IAF programs promote entrepreneurship, self-reliance and democratic principles that translate as economic progress for the poor in Latin America and the Caribbean. The IAF's responsiveness to the ideas of people at the community level helps such communities develop democratic practices, including strengthening citizen participation and oversight of local governments.

In 2005, the IAF will continue to focus its resources on building partnerships among grassroots organizations, nongovernmental organizations, local governments and private enterprises to foster development and democracy at the local level. This strategy also promotes social investment in Latin America and the Caribbean by the U.S. and local private business sectors to improve the quality of life of the poor in the region.

The IAF was a pioneer and will continue to perform a leading role in efforts to channel some of the vast amounts of remittances that immigrants send home each year into development activities and will seek the partnership of other major donors in a coordinated venture.

In FY 2005, the IAF will continue to expand its groundbreaking new program involving a large network of Latin American corporate foundations convened by the IAF in FY 2002 and focus also on the CEOs of the parent corporations. Participating foundations match IAF contributions, develop a common results measurement system and pool their learning resources. Accountability and funding will be standardized among members to facilitate contributions from other donors.

The IAF will continue to support the economic development initiatives of African-descendant communities—which comprise half the population living below the poverty line in Latin America and the Caribbean—and of indigenous peoples. As an active member of the Inter-Agency Consultation on Race in Latin America, the IAF, in conjunction with the government of the United Kingdom, the Inter-American Development Bank, and the World Bank, will promote the inclusion of indigenous and African descendants in poverty reduction strategies.

The IAF will support the expansion of community foundation activities in Mexico, particularly on the U.S.-Mexico border, through both monetary and non-monetary transfers (such as technical assistance) to promote endowment challenge grants and other forms of crossborder philanthropy.

The IAF will continue to refine its system of measuring the results of its grants and identify and disseminate good practice and lessons to new private sector contributors and development practitioners. The IAF will seek to integrate the non-tangible impact of its funding with an expanded evaluation methodology for specially selected projects. Using results and evaluation information, the IAF will incorporate lessons learned into the IAF's strategic planning and grant decision-making processes. The IAF will build its integrated program management information system to provide greater internal and external access to program data.

African Development Foundation

(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
ADF	18,568	18,579	17,000

The African Development Foundation (ADF) plays a unique role within the U.S. Government's foreign assistance programs. ADF is the only Federal agency that provides development assistance directly to grassroots communities and groups in Africa. ADF works in partnership with African non-governmental organizations (NGOs) in each of the countries where it operates.

ADF's efforts complement larger United States assistance programs by helping poor communities increase their participation in the economic development of their countries. In this regard, ADF-assisted programs pioneered and continue to develop innovative models of participatory development. The Foundation's programs support U.S. national interests in Africa in other ways, including promoting trade and investment opportunities, and encouraging bonds of friendship with African people from a diversity of religious, ethnic, and socio-economic backgrounds.

ADF's FY 2005 request focuses on:

- 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,
- Targeting women and rural communities,
- Promoting community-based HIV/AIDS prevention training, and
- Fostering the development of African institutions.

The Foundation has extensive experience in improving the productivity of small-scale farmers and building robust small enterprises. This enables ADF to play a highly effective 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 enterprises to help build the capacity of non-governmental partner organizations. The focus here is to support the development of sustainable institutions that can promote community development.

The Foundation is continuing its program in HIV/AIDS focusing on prevention and income generation. The Foundation's objective is to promote innovative initiatives that improve the economic security of families affected by the disease.

Millennium Challenge Corporation

(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
MCA	-	994,100	2,500,000

The Millennium Challenge Account (MCA) is a Presidential initiative to generate economic growth in poor countries. At the Inter-American Development Bank in March of 2002, President Bush called for “A new compact for global development, defined by new accountability for rich and poor nations alike.” The President pledged that the United States would increase its core development assistance by 50 percent over the following three years.

Fiscal Year 2005 will mark the second year of operation for the MCA. The FY 2005 Budget request of \$2.5 billion makes a significant second year increase in the MCA and paves the way to reaching the President’s commitment of \$5 billion per year for the MCA beginning in FY 2006.

Three key principles define this new compact for global development. First, countries that pursue sound political, economic and social policies are more likely to use additional assistance effectively. Second, development plans supported by a broad range of stakeholders, and for which recipient countries take primary responsibility, are more likely to succeed. Finally, integrating monitoring and evaluation into development plans from the beginning boosts aid effectiveness.

The MCA initiative breaks new ground in a number of ways. Foremost, it will provide assistance only to countries that have already created the environment for growth by ruling justly, investing in their people, and encouraging economic freedom. The Millennium Challenge Corporation (MCC), which administers the MCA, will use objective indicators of these criteria to determine country eligibility. A country’s anti-corruption standards will play an important role in the selection decision. The MCC will form a partnership with selected countries, and the responsibilities of each partner will be detailed in an MCA Compact agreement. Finally, to ensure accountability for results, continued funding will be tied to measured performance. All Millennium Challenge Compacts between recipient countries and the United States will include clear measurable objectives, sound multi-year financial plans, and benchmarks for assessing progress.

Now that Congress has finalized the authorization and first year funding level of \$1 billion for in FY 2004, much work lies ahead in achieving the partnership that the MCA envisions. Over the course of the coming year, the Administration will quickly stand up the MCC, select participant countries, evaluate proposals, begin to disburse funds, and provide program oversight. MCA recipient countries themselves will be responsible for identifying development priorities, drafting funding proposals with input from their public and private sectors, developing strategies for monitoring results, implementing programs and, where needed, working to improve their capacity to manage funds and ensure accountability.

National governments themselves will not be the only recipients of funds. Within the framework established by a Compact, implementation may be undertaken by a variety of parties including nongovernmental organizations, local governments, and the private sector.

In FY 2004, candidates for possible participation in MCA have a per capita income of \$1,415 or less and International Development Association (IDA) eligibility. The list of candidate countries will grow in FY 2005, when the requirement for IDA eligibility will be relaxed. By FY 2006, the third year of the MCA, the income cutoff level is slated to increase to just under \$3,000, IDA’s lower middle-income threshold, further expanding the number of possible participants.

MCA not only aims to promote economic growth and poverty reduction in MCA countries but also to provide an incentive for countries not meeting the eligibility standards to take steps toward reform with an eye toward qualifying for MCA participation in future years.

DEPARTMENT OF STATE

International Narcotics Control and Law Enforcement
International Narcotics Control and Law Enforcement Detail
 Andean Counterdrug Initiative
 Andean Counterdrug Initiative Detail
 Migration and Refugee Assistance
 Emergency Refugee and Migration Assistance Fund
 MRA/ERMA Program Summary
Nonproliferation, Anti-terrorism, Demining, and Related Programs
 Global HIV/AIDS Initiative

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International Narcotics Control and Law Enforcement

(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
INCLE	220,321	240,274	358,820
INCLE-ERF	-	50,000	-
INCLE-SUP	25,000	170,000	-

International Narcotics Control and Law Enforcement (INCLE) funding is critical for advancing the U.S. national objective of blunting the impact of international crime and illegal drugs on Americans and American society. The United States faces serious continuing threats to its security from international terrorist networks and their allies in the illegal drug trade and international criminal enterprises. Terrorism, international drug trafficking and transnational organized crime simultaneously target Americans and American interests both at home and abroad. All three groups thrive in gaps between law enforcement jurisdictions and where law enforcement institutions are weak or corrupt. They threaten not only U.S. security but also that of our close friends, neighbors, and allies. International drugs and crime jeopardize the global trend toward peace and freedom, undermine the rule of law, and menace local and regional stability, whether in Colombia, the Balkans, or Afghanistan.

To help meet these challenges, INCLE funds support a robust and comprehensive range of bilateral, regional, and global initiatives to help foreign governments build strong law enforcement and related institutions that can stop such threats before they reach U.S. soil. Together with Andean Counterdrug Initiative (ACI) funds, INCLE funding will strengthen the ability of key drug source and transit states to destroy drug crops on the ground; to disrupt and dismantle drug production and trafficking operations and organizations, arrest their leaders, and seize their assets; and to tighten border security against drug and people traffickers, terrorists, and other criminal groups. Internationally, the Department of State (DOS) will work closely with other countries to set anti-drug and anticrime standards, agree on collective actions, close off safe havens for drug, crime, and terrorist groups, fight corruption, and provide training as well as technical assistance to foreign law enforcement partners. DOS will partner in these activities with other USG agencies and with both international organizations and non-governmental organizations (NGOs). In the wake of September 11, 2001, many anti-crime programs have been refocused to emphasize and sharpen their counter-terrorism impact.

Recent program successes include:

- **Combating Money-laundering and Terrorist Financing.** INCLE funds have helped produce needs assessments or provide technical assistance to 16 of the 19 priority terrorist financing countries. INCLE assistance programs have also helped “graduate” 14 of the 23 countries (four in 2003) on the FATF (Financial Action Task Force) list of non-cooperative countries and territories by improving their anti-money laundering performance.
- **Promoting U.S. and International Security Afghanistan.** As part of U.S. and international efforts to strengthen Afghan security and stability by rebuilding the national police, assistance built and rehabilitated Afghan police training facilities, trained more than 2000 policemen in 2003, and established the first-ever nation-wide communications system for police.
- **Undertaking Critical work with Pakistan to Strengthen Institutions and Security.** As part of the global war on terror, Pakistan assisted in making progress toward sealing a porous 1,500-mile border with Afghanistan against infiltration by drug traffickers, terrorists, and other illegal armed groups, including much needed helicopters. Moreover, Pakistan border guard units have been

steadily expanding their surveillance of border areas and have increased both the number and effectiveness of their counter-drug and counter-insurgency operations.

- **Protecting our Border and Working with Mexico to Partner Against International Threats.** Continue the focus on breaking up major drug trafficking organizations and established new mechanisms to increase security along our common border. Programs continue to support Mexico's steps to modernize its justice sector and are significantly improving our ability to coordinate at the operational level.
- **Combating Trafficking in Persons.** To combat the growing problem of trafficking in persons, in FY 2002 and 2003 the Department provided assistance to approximately 70 countries that were either on the Department's Trafficking in Persons Report or identified at risk for trafficking in persons. This assistance will help governments identify and prosecute traffickers, prevent trafficking, and aid victims.
- **Fighting Corruption that Undermines U.S. Economic Interests and Security.** The Department provided financial and political support for two years of negotiations leading to the completion and signing by approximately 100 countries (including the United States) of a new UN Convention Against Corruption, the first global treaty against corruption. The Department also continues to provide technical and diplomatic support for ratification of the UN Convention Against Transnational Organized Crime (TOC) and the Supplementary Protocols on Trafficking in Persons and Migrant Smuggling, all of which entered into force in 2003. The TOC Convention and the Protocols now take on the force of international law.
- **Confronting Cybercrime.** To address the rise in high tech crimes, INCLE funds supported the first-ever Organization of American States Conference on Cyber Security. Held in Buenos Aires, the Conference brought together key counter-terrorist, law enforcement and e-commerce experts from government and industry to discuss ways to combat identity theft, cyber intrusions, online piracy and fraud and a host of other crimes that increasingly feature the use of computers and the Internet.
- **Fighting the Multi-Billion Dollar Theft from U.S. Companies by International IPR Piracy.** The Department is stepping up its efforts to fight international intellectual property piracy. Working closely with other agencies and with the U.S. private sector, it is increasing funding for foreign law enforcement training and technical assistance. Assistance programs range from helping foreign countries rewrite legislation to training their police and prosecutors to more effectively enforce intellectual property protection laws.

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

	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
Africa			
Liberia	-	-	5,000
Nigeria	-	2,250	2,250
South Africa	-	1,770	1,770
Africa Regional	6,700	2,830	1,480
Subtotal - Africa	6,700	6,850	10,500
East Asia and the Pacific			
Indonesia	-	-	10,000
Laos	2,500	2,000	2,000
Philippines	-	2,000	2,000
Thailand	3,700	2,000	2,000
Subtotal - East Asia and the Pacific	6,200	6,000	16,000
Near East			
Morocco	-	-	6,000
Iraq Pre-positioning	24,601	-	-
Subtotal - Near East	24,601	-	6,000
South Asia			
Afghanistan	-	-	90,000
Afghanistan ERF	-	50,000	-
Afghanistan SUP	-	170,000	-
Pakistan	6,000	36,500	40,000
Pakistan SUP	25,000	-	-
Subtotal - South Asia	31,000	256,500	130,000
Western Hemisphere			
Bahamas	1,100	1,000	1,000
Guatemala	2,500	3,000	2,820
Jamaica	1,200	1,500	1,500
Mexico	12,000	32,000	40,000
Latin America Regional	9,500	4,850	3,250
Subtotal - Western Hemisphere	26,300	42,350	48,570
Global			
Anticorruption/Rule of Law	-	-	9,000
Asia Regional	4,500	1,000	1,000
Civilian Police Program	4,670	2,700	2,700
Demand Reduction	5,000	4,200	4,200
INL Anticrime Programs	12,300	11,324	10,000

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

	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
International Law Enforcement Academies	14,500	14,500	14,500
International Organizations	12,200	13,000	12,000
Interregional Aviation Support	65,000	70,000	70,000
Program Development and Support	13,850	13,850	13,850
Regional Narcotics Training	4,500	-	-
Systems Support and Upgrades	4,000	5,000	4,500
Trafficking in Persons	10,000	12,000	5,000
United Nations Crime Center	-	1,000	1,000
Subtotal - Global	150,520	148,574	147,750
Total	245,321	460,274	358,820

Africa
(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
INCLE	6,700	6,850	10,500

Liberia (\$5.0 million) - Consistent with the President’s priorities, strengthening Liberia’s law enforcement and anti-terrorist capacity is a key US priority. We want to ensure civil order in the region and reduce the potential for criminals or terrorists to threaten Liberia’s fragile peace or take advantage of Liberia as a haven for money laundering, arms smuggling and trafficking in persons, diamonds and timber.

Liberia has only the barest law enforcement and judicial infrastructure and little capacity to control its borders or enforce customs and other laws. INCLE funds will continue to assist Liberia develop a credible and competent police force, functioning judicial institutions, and implement anti-corruption measures.

INCLE funds will provide non-lethal material and technical assistance to reestablish a national police force; provide technical and material assistance to the Ministry of Justice to improve basic court functioning, transparency, and prosecutorial service. INCLE funds will also be used to contribute up to 35 U.S. police officers to the civilian police component of the United Nations Mission in Liberia (UNMIL) to assist training, vetting, monitoring, and advising the new Liberian Police Force.

Nigeria (\$2.25 million) - Sophisticated and entrenched Nigerian criminal organizations are transnational in scope and have a direct impact on the United States. In Nigeria, funding will be directed at counternarcotics and financial crime units that are working closely with U.S. law enforcement organizations against transnational crime.

INCLE programs in Nigeria in FY 2005 are designed to achieve key U.S. foreign policy objectives of improving the performance of the criminal justice sector, strengthening democratic institutions, and protecting the United States against international crime. FY 2005 funds will continue interdiction training and technical assistance for the National Drug Law Enforcement Agency.

Funding will refine the police reform program, focusing on creating a “model region” emphasizing police-community relations and building basic skills capacity within the Nigerian Police Force (NPF) in the Kaduna region, and the continued presence of a technical advisor to work with the NPF and the Police Services Commission on revising the Police Act and Force Orders.

FY 2005 funds will provide advisory technical services to the fledgling Economic and Financial Crimes Commission (EFCC) to improve its capacity to deter, investigate and prosecute advance fee fraud and other financial crimes. Finally, FY 2005 funds will provide training and technical assistance for prosecutors and investigators within the Independent Corrupt Practices Commission (ICPC) to improve their capacity to investigate and prosecute corruption cases. Judges and police will be included in training sessions with prosecutors in order to improve coordination between the police and judiciary.

South Africa (\$1.77 million) - South Africa is an anchor for stability and prosperity in the Southern African region and is a catalyst for encouraging other African countries to address crime, terrorism and immigration threats. Assisting South Africa on law enforcement and judicial issues addresses U.S. priority goals of supporting a stable and prosperous South Africa, fighting transnational security threats and creating a favorable climate for investment in the region. The FY 2005 program will build upon efforts undertaken in previous years in the law enforcement, judicial and corrections systems and initiate new assistance projects for the Department of Home Affairs and the judiciary.

FY 2005 funding will provide for the return of an advisor to work closely with the Johannesburg Metropolitan Police Department (JMPD) on improvements to the JMPD training curriculum and facility and to expand the use of the facility by other municipal level police; for continued support for the Resident Legal Advisor to mentor prosecutors and investigators on complex organized and financial crimes; and to continue and expand training for correctional services personnel to facilitate rehabilitation programs in prisons housing juvenile offenders preparing for release.

FY 2005 funds will also provide for two new, critically-needed programs for South Africa: a long-term, intermittent advisor for the Department of Home Affairs to assist South African officials with improving the Department's management, personnel, and enforcement functions; and an advisor to assess and develop an implementation strategy for caseload management, case processing, and internal controls for South Africa's belabored judicial sector.

Africa Regional (\$1.48 million) - Criminal activities throughout Africa corrupt and weaken governments, sap precious resources, and undermine democratic reform, economic growth and foreign investment. INCLE crime and drug programs in West, Southern and Eastern Africa (Senegal, Mozambique, Tanzania and Uganda) support the development of professional and sustainable law enforcement and criminal justice institutions. By making Africa less attractive to criminal elements, INCLE programs foster the rule of law, forming the bedrock upon which the USG's broader goals of democracy and prosperity rest.

Funds will provide training, technical assistance and equipment to combat illegal migration and trafficking in people, narcotics and other contraband; and to develop democratic policing with an emphasis on human rights and ethics.

Funding will be directed at national efforts to tighten border control without hindering legitimate commerce. Emphasis will be on improving border control and interdiction efforts at sea, land and air ports of entry. Sustainable and institutional reform of law enforcement and criminal justice sectors will be supported through modernizing teaching curricula and teaching methodologies at law enforcement academies and through organizational change management.

Law enforcement development in Tanzania and Uganda will utilize the train-the-trainer approach, in-service professional development and community policing. Forensic laboratory programs in Tanzania, Senegal and Uganda will continue to receive training, technical assistance and resource upgrades. In Mozambique, training and equipment will support the border security program initiated in 2004.

East Asia and the Pacific

(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
INCLE	6,200	6,000	16,000

Indonesia (\$10.0 million) - Indonesia, the largest Muslim country in the world, is a center of transnational criminal activity and home base for international terrorist groups that threaten the region, U.S. allies, and the United States. Indonesia recognizes the need for and has requested assistance with police and criminal justice reform.

Training, technical assistance and equipment will support the development of the Indonesian National Police and its Marine Police component into modern and effective civilian forces respectful of the rule of law and human rights. Community policing precepts will be integrated into the police-training program. Funding will be provided to attack corruption and reform the criminal justice sector through prosecutorial and judicial skills development. Investigative, forensics and ethics training will be provided to professionalize the Indonesian National Police Drug Enforcement Unit and the National Narcotics Board.

Laos (\$2.0 million) - Often unnoticed, Laos is the world's third largest producer of illicit opium and has the potential to produce significantly higher yields. INCLE funds will continue to support programs in alternative development and crop control; demand reduction; and counterdrug law enforcement development.

These projects will support additional road construction in Luang Prabang province to assist farmers in poppy growing regions with market access, government services and food production. Additionally, eradication will continue in all areas where poppy is grown, leading to an increased need for assistance to communities deprived of their only cash crop. Treatment centers and clinics will be constructed and demand reduction programs at national and local counseling centers supported.

Funding will provide training and executive observation trips for GOL counternarcotics personnel. Continued support such as infrastructure renovation, equipment and commodities (motorcycles, radios, and x-ray machines) will be limited to those Counternarcotics Units (CNU's), which have demonstrated good performance. Training and technical assistance to the Lao Customs Department, and the National Commission for Drug Control and Supervision will continue.

Philippines (\$2.0 million) - A regionally-pivotal strategic ally, the Philippines, lies at the crossroads of the global wars on terror and drugs. Weaknesses in the Philippines law enforcement and judicial sectors hamper its ability to combat terrorism and other transnational crimes. These weaknesses are particularly acute in the Autonomous Region of Muslim Mindanao (ARMM) where much of the INCLE funding is targeted.

Funds will provide training, technical assistance and communications and information management equipment to assist the GRP develop an effective civilian police force in the ARMM. The Philippines Drug Enforcement Agency will be provided organizational support and training. Training for the Philippine National Police will be offered using a train-the-trainer philosophy. Police and prosecutors will be integrated in the courses. A Resident Legal Advisor will provide technical assistance on law and criminal justice reform; a forensic laboratory and library at the Bureau of Immigration will be established and a national automated fingerprint identification system and a criminal database implemented. NGOs that have on-going rule of law programs in the ARMM will be supported.

Thailand (\$2.0 million) - Another key and populous ally, Thailand, is a leader in efforts against drugs and crime even while it remains a hub of transnational criminal activity. Despite demonstrated long-term success against narcotics production and trafficking, its criminal justice, regulatory and investigative capabilities are inadequate for the challenges of 21st century transnational and organized crime. Public corruption further handicaps its law enforcement and criminal justice institutions. Funds will be used to support drug control assistance, anti-corruption measures and crime control and criminal justice programs. Technical assistance, training and related assistance to Royal Thai Government (RTG) institutions will support legal and legislative reform, anti-money laundering measures and opium poppy control projects.

Special Investigative Units targeting narcotics crimes will be supported with monies transferred to State by DEA. Funds will continue support for demand reduction and alternative development efforts.

Near East Asia

(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
INCLE	24,601	-	6,000

Morocco (\$6.0 million) - U.S. support for Morocco's political and economic transition and its continued development as a moderate, Muslim state is consistent with our National Security Strategy to strike at the root of terrorism, and improve America's image in the Muslim world. Country-specific INCLE funding is requested for the first time in FY 2005. These essential funds will support border control, police-community relations and civil disorder management.

Funds will complement the PISCES computerized immigration system installed under the NADR-funded Terrorist Interdiction Program. A Resident Program Manager will facilitate the provision of training and technical assistance to address systemic problems such as corruption, poor law enforcement coordination, risk analyses and targeting systems.

Additionally, funding to improve community-police relations will include an assessment study, identification of a model project community and project activities coordinated by a resident Program Manager. Civil disorder management training and equipment such as shields, helmets, gas masks and batons will be provided to 150-line, mid and senior level officers.

South Asia
(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
INCLE	6,000	36,500	130,000
INCLE-ERF	-	50,000	-
INCLE-SUP	25,000	170,000	-

INCLE funding will continue to support the war on terrorism in the frontline states of Afghanistan and Pakistan during FY 2005. Funding will be used for security, counternarcotics, law enforcement and judicial system development programs to promote regional stability and prevent terrorist acts against the U.S.

Afghanistan (\$90.0 million) -

Police

FY 2005 INCLE funds for Afghanistan will support the efforts of the Transitional Islamic State of Afghanistan (TISA) to firmly establish a stable democracy able to provide for its own internal security. A critical building block for long-term security is the development of a competent national police, border police, and highway patrol.

The United States continues to support the efforts of lead country Germany in training the Afghanistan National Police and complements long-term institutional development goals by focusing on basic skills training for existing police and lower-ranked new police.

FY 2004 supplemental funds enabled DOS to significantly accelerate its police assistance to Afghanistan. The Department initiated a program to train nearly 20,000 new police officers by mid-2004 by establishing Regional Training Centers (RTC) in key provincial locations throughout Afghanistan.

Similarly, FY 2005 funds for the national police, border police and highway patrol officers will provide the resources to continue to training efforts for the remaining 30,000 police needed by December 2005 through support for:

- equipment and infrastructure needs,
- further development and maintenance of law enforcement communications and management systems,
- enhancements to police physical plant and infrastructure, personnel support (salaries),
- support for fixed point border crossing infrastructure,
- establishment of a system for monitoring immigration procedures and controls, and
- development of a capacity to conduct interdiction operations and investigations of crimes along the border.

Additionally, as the border needs grow, funds will help develop capacity for border police support to customs functions, as well as supporting refurbishment and construction of essential barracks and checkpoints.

Justice Sector

DOS's role in restoring the rule of law in Afghanistan is vital to ensuring stability, promoting human rights, and encouraging economic growth. FY 2005 INCLE funds will support modernization of the criminal justice system, infrastructure development, training justice personnel, and support programs that focus on public access to justice.

Cooperatively, FY 2005 funds will continue to support the Italian lead on activities to rebuild and reform Afghanistan's judicial system according to international due process, human rights standards, and Afghan cultural traditions. Funds will support refurbishment and construction of provincial and district courthouses. In addition, INCLE funds will supply courts with judicial supply packages that equip courthouses with basic office supplies and other administrative support items.

Counternarcotics

Afghanistan is the world's largest producer of illicit opium. The drug trade funds terrorist activities, undermines central government authority, and contributes to the instability that allows extremist elements inimical to the U.S. to operate. FY 2005 funding will support programs in three critical areas: counternarcotics, civilian law enforcement and administration of justice.

Working in close coordination with the United Kingdom and Afghan government, INCLE programs will seek to reduce opium poppy cultivation, strengthen counternarcotics law enforcement efforts, and increase Afghan government coordination and oversight of national drug policy and programs.

Funding will support:

- manual eradication programs,
- alternative livelihood programs,
- demand reduction programs, and
- a national anti-drug campaign.

Funding for the manual eradication program will continue to provide for the salaries, living expenses, equipment, transportation, and training of additional eradication teams and force protection personnel. It will also support monitoring and evaluation of the program, agricultural inputs, market support for farmers, and vocational training for vulnerable populations (women and itinerant farmers). To assess success, an evaluation of the program will also be conducted.

Programs to support the disruption of drug trafficking in border areas will be funded through the expansion of specialized training and outfitting of counterdrug units at the provincial level. Penal code reform will be funded through training and educational exchange programs.

Pakistan (\$40.0 million) - Pakistan is an ally in the war on terror. Its 1500-mile border with Afghanistan runs through remote mountainous and desert terrain that is easily exploited by terrorists, drug traffickers and other criminals. Law enforcement institutions, neglected for decades, are incapable of investigating even minor crimes, much less the serious threats posed by terrorists and other extremists. At the same time, resurgent opium poppy cultivation in Pakistan—due in part to massive cultivation in neighboring Afghanistan—must be eradicated before its economic impact becomes too deeply rooted.

FY 2005 funding will build upon the successful implementation of prior year programs in three areas: border security, law enforcement and counternarcotics. Funds will be used to construct roads in the Federally Administered Tribal Areas to expand the presence of Pakistani security forces in previously inaccessible terrain. Additional checkpoints will be constructed at key intersections. Commodities such as

vehicles, communications equipment and long-range optical devices will be provided to civilian border agencies. Beneficiaries will include the Ministry of Interior, Anti-Narcotics Force, Frontier Corps, Federal Investigative Agency, Intelligence Bureau, Coast Guard, Maritime Security Agency, Home Department, and provincial police forces.

Bridging the worlds of counter-terrorism and counter-narcotics, core funding will provide ongoing maintenance, support and operating costs for the USG-established Ministry of Interior Air Wing based in Quetta, Baluchistan province to conduct anti-terrorism and counterdrug missions. Funding will further extend air mobility to a new forward operating base near Peshawar to be outfitted with five helicopters being procured with FY 2004 funding.

Technical assistance, training and equipment for Pakistani law enforcement authorities will be provided to increase investigative and forensic skills; build accountability; and develop internal controls and leadership skills. Likewise, implementation of the Automated Fingerprint Identification System funded in previous years will be expanded. Development of the criminal information database will be continued to link federal and provincial law enforcement agencies. To reduce opium cultivation, FY 2005 funds will support the expansion of alternative crop programs into non-traditional growing areas; support crop control, and demand reduction efforts through a public awareness campaign.

Western Hemisphere

(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
ACI-SUP	54,000	-	-
INCLE	26,300	42,350	48,570

Most drugs reaching the United States come from South America through three vectors: Central America, Mexico and the Caribbean. Programs supported in these areas are also centerpieces in the DOS effort to achieve recordable and sustainable successes in this ‘tipping point’ moment in the hemisphere, both counter-narcotics and counter-terrorism. INCLE funds aim to disrupt the flow to enable local countries to interdict and capture traffickers and the proceeds of their trade and fight related organized crime.

Bahamas (\$1.0 million) - An estimated 12 percent of the cocaine destined for the United States passes through the Jamaica-Cuba-Bahamas vector. Funds will enhance interdiction efforts to include a larger Customs detector dog program and expand the Operation Bahamas Turks and Caicos (OPBAT) program through the purchase of go-fast interceptor craft for the Bahamian Police.

Guatemala (\$2.82 million) - This country presents unique corruption and transshipment issues. An estimated 70 percent of drugs destined for the United States go through the Central American corridor, particularly Guatemala before entering Mexico. INCLE funds will provide training, equipment, and other support to the Anti-Narcotics Police (SAIA), the prosecutors of the Public Ministry, and the Guatemalan Government demand reduction organization (SECCATID) to improve their ability to detect, capture, interdict and prosecute drug traffickers. Funding will also support eradication of opium poppy and marijuana. Finally, as the need to address corruption in key government institutions is high, funding will support special prosecution units (anti-narcotics, anti-corruption and anti-money laundering) in coordination with USAID’s judicial reform efforts.

Jamaica (\$1.5 million) - Funds will buy a fourth go-fast interceptor boat and equipment and training for a vessel maintenance program for the Jamaican Defense Force Coast Guard and support an expanded Customs Contraband Enforcement Team and the Jamaican Constabulary Force’s Fugitive Apprehension Team, Narcotics Division Counter-Drug Special Investigative Unit, and National Intelligence Bureau.

Mexico (\$40.0 million) - The importance of support to the Mexican programs in counter-narcotics and other related areas cannot be overstated. Mexico is the major transport corridor for drugs to the United States. INCLE programs will focus on continuing to improve criminal justice and security sector institutions ongoing successful ability to take down major trans-border drug trafficking groups and related threats.

INCLE funding will assist in the modernization of police and prosecutorial units by expanding training opportunities to include state/local authorities and upgrading computer equipment, professionalizing Mexican personnel, and improving operational readiness. Funding will partially upgrade the aged air fleet of the Office of the Attorney General to do interdiction as well as to support the Mexican Air Force’s C-26 program. Funds will also strengthen border security, in implementation of the U.S.-Mexico Border Security Accord through the purchase of ten non-intrusive inspection systems, a computer information system to screen passengers coming to the United States, and the building of designated lanes for pre-cleared low-risk commuters throughout the border.

Latin America Regional (\$3.25 million) - These funds are directed to two sets of countries; one situated in the drug transit zones of Central America and the Caribbean and a second situated in the key Triborder

region in South America. In the drug transit zone, funding will go towards improving endgame interdiction capabilities.

Funding for the Caribbean region will focus on interdiction, law enforcement, tactical and operational intelligence gathering and the administration of justice, with an emphasis on sustainability. In Central America, funding will continue to support efforts to modernize justice sector institutions and legal frameworks to allow successful prosecutions of drug traffickers, money launderers, alien smugglers and corrupt public officials. Funding will also support regional efforts to promote more effective interdiction, information sharing and coordinated counter-drug strategies.

Bridging growing concerns on both drug trafficking and terrorism, funding provided to Paraguay, Chile, Uruguay and Argentina will support programs to disrupt cocaine trafficking at their borders and ports and improve investigative and prosecutorial efforts aimed at disrupting potential sources of funds for groups, which support terrorists.

Global
(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
INCLE	150,520	148,574	147,750

Anticorruption Compacts (\$9.0 million) - The Anticorruption Compacts are a new initiative that helps to fight corruption in a way that strengthens political will, rewards performance, and yields demonstrable results. The Compacts will require governments to commit in writing to reform in key areas that promote transparency and help prevent corruption, including management of public finances, public procurement, and engaging civil society. In exchange, countries will receive assistance targeted to these areas.

The request will fund the first year's effort in at least three countries. Assistance for each pilot country will focus on training, equipment and technology (including e-systems) needed to establish and maintain fiscal transparency and accountability systems, rules-based public procurement systems, effective enforcement and oversight institutions, and free and active civil society anti-corruption efforts.

Asia Regional (\$1.0 million) - Narcotics trafficking and related criminal activities threaten the stability of countries in this region by fostering the growth of terrorist networks, corrupting governments, and undermining democratic institutions. Asia Regional funds will strengthen counternarcotics law enforcement, border control, and customs agencies and judicial institutions throughout Asia including Southwest Asia/Middle East. In the Middle East, assistance will support community policing strategies and civil disorder management training.

In Burma, which presents unique human rights and narcotics issues, carefully targeted funding will continue to support Project Old Soldier to provide alternatives to opium poppy cultivation in target villages.

In Sri Lanka, funding will provide for a resident Program Manager who will provide training to GOSL institutions on narcotics investigations, surveillance, prosecutions and case/personnel management issues.

Although no new Asia Regional programs will be funded for India in FY 2005, the centrality and importance of programming in India translates into a critical use of modest funds for operating and administrative expenses of the Narcotics Affairs Section in New Delhi.

Civilian Police and Justice Program (\$2.7 million) - The Civilian Police and Justice Program continues to support and develop U.S. institutional capabilities to participate in civilian components of international peacekeeping missions and respond to complex security operations. Program efforts will:

- establish and maintain a cadre of up to 2,000 U.S. police, law enforcement advisors, justice and corrections experts;
- expand and sustain certification of the basic U.S. training program to all U.S. states and further develop relationships with federal, state and local law enforcement associations, organizations, and unions;
- promote high quality, standardized civilian police training for peacekeeping by inviting police from selected countries to participate in the basic U.S. training program; and,
- improve deployment capabilities to include quick response of assessment teams, advance teams, and technical advisors.

The FY 2005 program supports a police advisor to the OSCE, training coordinator and police advisor, and a position established at the U.S. mission in New York responsible for working with the UN Department of

Peacekeeping Operations. FY 2005 funds also complete expansion of management and oversight of police, justice and prison programs.

Demand Reduction (\$4.2 million) - Since education and prevention are also elements of a successful counter-drug program anywhere in the world, Demand Reduction programs seek to reduce the worldwide demand for illicit drugs by motivating foreign governments and institutions to give increased attention to the deleterious affects of drug abuse on society.

Often overlooked, but central to an overarching strategy of success, these funds will assist countries to reduce drug consumption, helping to strengthen social stability while reducing a revenues for trafficking and terrorist groups. INCLE funds support the development of national, regional and international coalitions of private/public sector social institutions, the faith community, and law enforcement entities, enabling the USG to mobilize international opinion and cooperation against the drug trade and strengthen support for USG counter-narcotics policies and initiatives.

A Parents Drug Corps program will encourage parents to help children stay drug free by training them in prevention skills and methods. An International Community Anti-Drug Coalition Institute will provide training and technical assistance on forming and sustaining effective community, anti-drug coalitions of civil society/grassroots organizations to reduce drug consumption, strengthen collaboration among public/private sector organizations, and enhance inter-governmental cooperation.

Additional priority programs include school-based prevention programs and support for faith-based organizations to augment prevention, intervention, and recovery maintenance services. Addiction Technology Transfer Centers will disseminate information and training on the most effective approaches for delivering prevention, treatment and violence reduction services. Funds will also develop research-based, cross-cultural prevention and treatment programs whose results can be used to improve U.S.-based services.

INL Anticrime Programs (\$10.0 million) - The international crime threat to U.S. national interests is manifest in multiple areas. We confront not only a dire terrorist challenge but also the unprecedented spread of transnational criminal groups that exploit the vulnerabilities of the global economy to amass illicit wealth using increasingly sophisticated and creative means.

More than ever, effective international law enforcement cooperation is essential to ensure global stability and protect American communities, businesses and financial institutions. Included in this year's funding are both institution-building programs and global and regional diplomatic efforts.

- **Anti-Money Laundering/Terrorist Financing.** INCLE funding supports Administration priorities in addressing terrorist financing and money laundering threats to the United States. The supported efforts include assessments, technical assistance and training programs for the specific classified list of 24 priority countries, determined by the National Security Council, and also for countries such as Egypt, Indonesia and Guatemala that are on the Financial Action Task Force (FATF) "non-cooperative" list.

These comprehensive programs focus on creating robust anti-money laundering/anti-terrorist financing regimes, law enforcement capabilities and regulatory schemes.

INCLE funds also support international organizations like the FATF and the five FATF-style regional bodies, which promote the standard-setting and peer reviews vital to fighting terrorist financing and money laundering, as well as organizations such as the OAS/CICAD and U.N. Global Programme

Against Money Laundering, that provide anti-money laundering/anti-terrorist financing training and technical assistance to countries and regions.

In 2005, new initiatives include projects to develop Trade Transparency Units – modeled on Financial Intelligence Units – to better track and detect the movement of funds by terrorists and other criminals through alternative remittance systems that lie outside the formal financial sector; regionally-based technical assistance/training programs in the Pacific Islands and Central America to provide efficient use of scarce resources in areas trying to establish comprehensive anti-money laundering/anti-terrorist financing regimes; and the establishment of two new FATF-style regional bodies, in Central Asia and the Middle East.

- **Border Controls.** Porous borders greatly enhance the ability of international criminals, smugglers, and terrorists to expand their operations and avoid apprehension. However, as the first line of defense for many countries, stiff border controls can be a substantial deterrent to such activity and be a vehicle for gleaning useful information for identifying, investigating, and dismantling crime syndicates. INCLE border control funds will continue to be focused on strengthening and complementing several of the programs we have underway in South and Central America that are needed to stop a rash of criminal activity including narcotics trafficking, alien smuggling, and money laundering. Our focus will include the Argentina, Brazil, Paraguay tri-border area, where all of these threats as well as terrorism are manifested.
- **Alien Smuggling.** The smuggling of illegal migrants, which can serve as a vehicle for terrorist entry into the United States, is a major national security concern. Funds for this program will help support the newly created Human Smuggling and Trafficking Center—a joint State/Justice/Homeland Security center that has begun to collect, analyze, and disseminate intelligence and other information to facilitate coordinated international law enforcement efforts against illegal alien smuggling and trafficking in persons.

INCLE funds will also be used to conduct assessments and create “vetted units” and provide other training and technical assistance in, for instance, the Western Hemisphere to complement the vetted unit program started in Ecuador in FY 2003 to crack down on a regional migrant smuggling pipeline, or in Asia or elsewhere that intelligence indicates is the next emerging threat.

- **Cyber Crime, Cyber Security and Intellectual Property Rights Crime.** To combat the criminal misuse of information technology, we will provide technical assistance and training to build legal regimes and law enforcement capabilities in selected strategic countries, targeting in particular those nations where transnational crime and terrorism are growing concerns.

Protecting U.S. national and economic security from threats to our critical information networks will be addressed through an accelerated international outreach program promoting common standards, public-private partnerships, and integrated watch-and-warning. In addition, INCLE funds will be increased to support training for foreign law enforcement officials to combat theft of intellectual property, a problem that has a growing IT component. Among the countries where we will focus our IPR assistance are the Philippines, Brazil, Argentina, India, Mexico, Hong Kong-China and Egypt.

- **Anti-corruption.** Any effective anti-crime/anti-terrorism program must also attack corruption. As part of the President's anticorruption foreign policy initiative in the G8 and other forums, INCLE funding will support several international mechanisms (including at the UN, Council of Europe, OAS, and the OECD) to monitor anticorruption commitments made by over 60 governments, ensuring their translation into action by directing technical assistance to strategic countries.

International Law Enforcement Academies (\$14.5 million) - INCLE funds will continue to support the work of established ILEAs in Bangkok, Budapest, Gaborone and Roswell, New Mexico. In addition, DOS continues to negotiate for the establishment of a new ILEA in Latin America to address areas of strategic importance to the United States. This ILEA is expected to open during calendar year 2004 and have a full program by the beginning of FY 2005. Other activities in FY 2005 will include modifying the core and specialized curriculum offered by the ILEAs to target areas of growing international criminal activity such as terrorism, corruption and trafficking in persons.

International Organizations (\$12 million) -

- **United Nations Office on Drugs and Crime, Drug Program (\$6.5 million).** U.S. support to the United Nations Office on Drugs and Crime (UNODC) complements INCLE and ACI bilateral programs and allows us to leverage U.S. funds to gain increased buy-in and support from a broader array of donor countries. While there are a number of programs on which the Department expects to press harder this year, since the urgency of success is rising, the track record is one of sound cooperation.

In Central Asia and Afghanistan, for example, UNODC is the coordinating mechanism for bringing together support from other donors who would probably not contribute otherwise. UNODC is the only multilateral institution that provides technical assistance on a global basis towards the development of modern law enforcement, financial regulatory and judicial institutions and practices.

UNODC also plays a unique global role by supporting development of modern national legislation corresponding to obligations set forth by the three UN anti-drug conventions, as well as effective national regimes to combat money laundering and terrorist financing.

While added dialogue will be essential in the year to come, these multilateral programs act as force multipliers in support of key U.S. objectives, and allow us to better reach areas where it is difficult for the U.S. to operate bilaterally.

UNODC goals and objectives closely support those of the Department, and the organization is a steadfast ally in support of strict enforcement efforts against illicit drugs, as required under international law.

In FY 2005, funds will support ongoing UNODC international programs that enhance law enforcement, judicial, and financial institutions in developing countries. Projects will include the provision of modern interdiction training and equipment to law enforcement officials in Central Asia, Afghanistan, South Asia, Sub-Saharan Africa, and elsewhere where drug trafficking activities challenge political stability. Equipment and training will also be provided to track and prevent the illicit diversion of precursor chemicals.

As a complement to the foregoing, funds will also support UNODC projects that promote alternative livelihoods for farmers engaged in illicit opium poppy cultivation in Southeast Asia to reduce and gradually eliminate the production of illicit drug crops that threaten U.S. interests. Finally, funds will support UNODC efforts to help states to pass or strengthen legislation to prohibit and penalize illicit drug trafficking, money laundering, and other ancillary crimes and to improve mutual legal assistance, extradition, and asset forfeiture cooperation in compliance with UN drug-control treaties.

- **OAS Inter-American Drug Abuse Control Commission (CICAD) (\$5.5 million).** CICAD is the counter-drug arm of the Organization of American States (OAS) and the principal forum for

counternarcotics cooperation in the Western Hemisphere. Through CICAD, the United States has fostered a greater local responsibility for the drug problem, and a strong commitment to fight the drug trade, and developed practical ways for governments to work together against transnational criminal threats.

Funding will be used by CICAD to strengthen national drug commissions, establish statistical systems, convene hemispheric experts to develop model legislation (e.g., money laundering) and set minimum standards (e.g., for drug treatment), as well as to conduct projects and training across a broad range of supply, demand, and legal development areas.

In an on-going effort to raise cooperation, funds will also support the Multilateral Evaluation Mechanism (MEM) – a peer review system for assessing national anti-drug performance – and to provide follow-on training and technical assistance to address gaps or deficiencies identified by the MEM in the anti-drug programs of individual governments.

Interregional Aviation Support (\$70.0 million) - In FY 2005, the Interregional Aviation budget will provide core level services necessary to operate a fleet of 164 fixed- and rotary wing aircraft supporting aviation activities in Colombia, Bolivia, and Peru, border security operations in Pakistan, and, as needed, programs at other temporary deployment locations.

Operations include eradication, mobility, interdiction, monitoring, and logistical support. Again, consistent with a strategy of pressing for sustainable successes at a perceived ‘tipping point’ in these program areas, the primary focus will continue to be aggressive on the aerial eradication of Colombian coca and poppy.

Efforts in Peru and Bolivia will support manual eradication as well as interdiction efforts. The establishment of host-government self-sufficiency remains a central goal for Air Wing operations in each country and intensive training of pilots and mechanics ensures continued progress towards that objective.

Program Development and Support (\$13.85 million) - Necessarily, as the load carried increases, program Development and Support funds become more critical. These core funds support domestic administrative operating costs associated with the Washington-based INL staff, including salaries and benefits of U.S. Direct Hire employees, personal services contracts, rehired annuitants and reimbursable support personnel, field travel, maintaining information resource management systems, and administrative support expenses such as office equipment rental, telephone services, printing and reproduction, miscellaneous contractual services, materials, supplies, furniture, furnishings and equipment.

Systems Support and Upgrades (\$4.5 million) - Funds support our systems support and upgrades project by providing cost savings through standardization of services and support and aviation performance upgrades through economy of scale procurement.

Importantly, FY 2005 funding will support the sustainment of sensor packages in Barbados, Trinidad and Tobago, Mexico and Colombia, as well as provide spare parts, maintenance technical support, operators and mechanics training, and major component overhauls, and intelligence center upgrades to process and disseminate information gathered from these sensor aircraft for these countries.

Trafficking in Persons (\$5.0 million) - Funds will be directed at those Tiers 2 and 3 countries of the Trafficking in Persons Report where the government has shown a commitment to the issue, as well as other countries or regions where there are trafficking problems.

Uses of this funding will include:

- training for police, immigration and criminal justice officials on investigating and prosecuting traffickers and monitoring international borders;
- legislative assistance;
- equipment such as computers, forensic crime kits, radios, and vehicles for anti-trafficking women and children police units or taskforces;
- awareness training by NGOs or international organizations for law enforcement officials on appropriate treatment of victims; renovation of shelters;
- creation of victim sensitive forensic interview rooms; establishment of national hotlines; and,
- development of anti-trafficking curriculums for police academies; and anti-trafficking research where there is limited information.

The use of these funds will be coordinated with other anti-trafficking resources, in particular the \$12 million requested under Economic Support Funds.

United Nations Office on Drugs and Crime, Crime Program (\$1.0 million) - Building on the foregoing, many countries still lack adequate legal frameworks to prevent and combat organized crime, corruption, and terrorism. Exposure to internationally endorsed “best practices”-- often those based on U.S. models and expertise--is urgently needed. The UN Transnational Organized Crime Convention (TOC), the Convention Against Corruption, and the 12 universal legal instruments to prevent and combat terrorism in particular, codify many of the most significant “best practices” necessary to address corruption and organized crime.

The UN Office on Drugs and Crime (UNODC) is the only multilateral organization that possesses both a global reach and the credibility to deliver technical assistance to states seeking to ratify and implement these important new instruments. UNODC has in fact played a critical role to date in promoting the ratification of the TOC, which entered into force in September 2003.

FY 2005 funds will enable UNODC to provide on-site expert mentors to select high-risk countries to assist in implementing the TOC’s component provisions, including modern investigative and analytical practices for law enforcement officials, extradition and the provision of mutual legal assistance in organized criminal cases.

In the near future, UNODC also anticipates initiating a program to promote the ratification and implementation of the UN Convention Against Corruption, similar in many respects to the project that has promoted the ratification of the TOC. The DOS will look to support these activities from FY 2005 funds, pending the development of specific UNODC program activities.

The remainder of the FY 2005 contribution will assist UNODC’s ongoing project to promote the ratification and implementation of the 12 international legal instruments to combat and prevent terrorism.

Andean Counterdrug Initiative

(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
INCLE	788,450	726,687	731,000

The FY 2005 request of \$731 million will support a unified Andean region campaign against the drug trade and narco-terrorism. With the purpose of eliminating the cultivation and refining of cocaine and opium to reduce the flow of drugs to the United States, and build Andean law enforcement infrastructures to find, arrest and prosecute traffickers and seize their assets, thereby breaking the narco-terrorist nexus and enhancing the rule of law.

Bolivia (\$91.0 million) - FY 2005 funds will be used for eradication and interdiction operations, demand reduction and alternative development programs. Funds will:

- provide operational support for specialized counterdrug police and military units and prosecutor offices;
- reinforce and expand efforts to professionalize personnel;
- expand physical infrastructure;
- enhance data collection efforts to carry out law enforcement (through software, computers and enhanced communication capabilities);
- support economic development in coca growing areas; and
- provide public education (on bilateral drug goals, counterdrug programs and drug abuse within Bolivia).

Funds will also be used to provide support for the DOS-owned helicopter fleet as well as to maintain and purchase vehicles, riverine patrol boats, training and field equipment, and construct or refurbish antiquated counternarcotics bases.

Brazil (\$9.0 million) - FY 2005 funds will support Brazil's interagency Operation COBRA, which is aimed at fortifying the northern border through riverine control linked to a tactical command center in Tabatinga. Funds will also provide law enforcement capabilities at all levels (federal, state, civil and military) with operational support and equipment to conduct more effective investigations and interdiction operations against specific international narcotics cartel leaders and their associates. In addition, the project will continue to build on training already provided by DOS and other USG agencies to enhance port and airport security, and to counter narcotics trafficking activities such as arms trafficking and money laundering.

Colombia (\$463.0 million) - Taking advantage of a "tipping point" in program success, aggressive spraying in FY 2003 and FY 2004 is expected to offset replanting and new cultivation. By FY 2005, the program should, barring the loss of additional aircraft or suspensions of spraying for security reasons, be swiftly moving into a "maintenance spraying" phase. To support the necessary full push beyond the current "tipping point" in this critical program, FY 2005 funding will be used to maximize drug interdiction and eradication efforts by the Colombian National Police (CNP) and the Colombian Army (COLAR). Funds will also be used to support commensurate infrastructure improvements, CNP training, and establishment of secure and interoperable communications and intelligence systems.

In addition to air assets committed to spray operations, funds will support 71 pivotal COLAR helicopters (maintenance and repair, fuel, training and operations) throughout Colombian territory. This will be a pivotal year for use of these assets, as the coordination of CN and CT missions grows and both missions intensify toward achievable goals. Monies will also support the eight additional helicopters acquired in

FY 2003 for the infrastructure security in Arauca. Additional military equipment, including upgrades to facilities and general operational support, will be provided to the Counterdrug Brigade.

Funding for alternative development and institution building will be directed towards:

- market access and building a licit agricultural economy,
- support to vulnerable groups such as internally displaced persons,
- support for programs deepening the commitment to democracy, and
- support to programs solidifying and promoting 'rule of law,' which include expanded CNP presence throughout conflict zones by mobile and permanent municipal units, and the highly successful CNP reinsertion program.

Also of growing importance, government protection for threatened individuals and offices will continue, particularly those associated with peace and human rights activities. Specifically tailored projects will promote:

- a more robust government and civil human rights protection infrastructure;
- expansion of judicial capabilities and infrastructure designed to facilitate justice administration and viable peace initiatives;
- modest support for demobilization efforts; and
- transparency and accountability in all public offices.

Ecuador (\$26.0 million) - Ecuador programs are also closely tailored to meet specific aims. These programs will aim to stop the spillover of narco-trafficking from Colombia along the country's key northern border and the transit of drugs destined for the United States through ongoing programs and new initiatives. The latter include:

- construction of a port cargo inspection station and counternarcotics police base in Esmeraldas province;
- construction of an integrated checkpoint in La Troncal, Loja province;
- construction of supporting helipads; and
- renovation of the Pichincha counternarcotics police headquarters.

More generally, funding will continue essential support for counternarcotics police, port and canine operations, including:

- the acquisition of law enforcement and communications equipment;
- the purchase, maintenance, repair and operational costs of vehicles;
- aviation support; and,
- the cost of providing a port advisor from the Department of Homeland Security's Immigration and Customs Enforcement Division (DHS/ICE).

Other projects will provide police and judicial training essential to improving the detection and seizure of drugs and drug-related contraband. In addition, ACI funds will focus on improving criminal prosecutions, money laundering and chemical investigation and enforcement units. The northern border region projects will focus on improving local infrastructure (e.g., power grids, roads and bridges) as well as social and health conditions, and assisting municipal governments in implementing participatory democracy.

Panama (\$6.0 million) - As Colombia's immediate neighbor to the north, Panama is the first opportunity to interdict drug shipments moving north to the United States. Panama is also one of the principal money

laundering centers and major transportation hubs in the Western Hemisphere, and therefore important in countering international crime and terrorism. Funds will provide institutional development and operational support to Panama's public forces and law enforcement agencies. FY 2005 funds will be used, as in other countries, to promote professionalization within the agencies of the Ministry of Government and Justice (MOGJ) and Public Ministry (PM), training, anti-corruption activities, information management and exchange, case tracking, and a criminal database. Operationally, funds will provide training and equipment to support border control, air mobility and maritime interdiction, including support against narco-trafficking and narco-terrorist threats in the remote Darien border region and in coastal areas. Working closely with USAID and other bilateral and multilateral donors, DOS will support programs aimed at combating corruption, improving governance and respect for the rule of law, including adoption of modern police management systems.

Peru (\$112.0 million) - Success will be methodically reinforced in Peru. In order to make further inroads into coca cultivation, already reduced by over 70%, FY 2005 funds will support the forced and voluntary eradication of illicit coca and opium poppy cultivation. These funds will pay for training, advisors, vehicles, aircraft maintenance services, ground-based infrastructure, communications and support equipment for the GOP. Funds will also support:

- enhanced law enforcement interdiction efforts against the operations of major Peruvian trafficking organizations;
- continued support for an anti-narcotics coordination center to facilitate air, ground, and water-based law enforcement endgames;
- targeted port control efforts; and,
- maintenance of the DOS-owned air assets used by the Peruvian police, which provide aerial transportation support for all of the above goals.

Similarly, funding for alternative development and institution building supports capital investment and technical assistance to help local governments build and sustain infrastructure to prevent the spread of illicit economic activities linked to narco-trafficking. These funds will build roads, bridges, potable water systems, electricity systems, irrigations systems, and schools and health facilities. Activities include:

- development of sustainable cacao tree crops with large export value;
- enhancement of local infrastructure including power grids, roads and bridges;
- improvement of social and health conditions;
- enhancement of local municipal governments to implement participatory democracy; and,
- improvement of administrative and financial skills in the public sector, as well as general alternative development project management.

In accord with a comprehensive strategy, these development efforts will be tied to progress in reducing drug crop cultivation on a regional basis.

Venezuela (\$3.0 million) - New challenges lie in wait in Venezuela and require a continuing, albeit modest, commitment. The amount of cocaine transiting Venezuela is estimated to be at least 150 metric tons per year. The geographic location and terrain of Venezuela present attractive opportunities to drug traffickers seeking to move their product from Colombia, which shares a 2,200 kilometer border. Funding for interdiction efforts will focus on improving security at key airports, seaports, and border points of entry. Funds will be used to train and equipment small, dedicated units to intercept drugs (as well as conventional explosives, chemical weapons, and radioactive material) and to conduct post-seizure investigations into the trafficking networks.

Expert American advisors will be funded to provide continuous on-location guidance, training, and oversight on operational procedures, professional conduct, and employment of equipment. The program will also provide ongoing procedural and integrity training to police investigators, public prosecutors, and judges. In addition, the program will fund infrastructure development projects, such as the installation of automated local and wide area networks in support of the Public Ministry's case tracking system, the National Anti-Money Laundering Network, and the National Drug Czar's offices.

Air Bridge Denial Program (\$21.0 million) - As a cornerstone of deterrence and narco-trafficking efforts, the Air Bridge Denial (ABD) programs in Colombia and Peru support ACI interdiction efforts directly. Core funding will continue contractor logistical support (CLS), and training for the Colombian and Peruvian programs.

In Colombia, the CLS will include aircraft and sensor equipment spare parts and maintenance, and training of pilots, sensor operators and mechanics for aircraft.

In Peru, the CLS will include aircraft and sensor equipment spare parts and maintenance, and training of pilots and sensor operator and mechanics for the aircraft. Funds for the Peru program will also support an Anti-Narcotics Coordination Center (ANCC), which will enhance the Government of Peru's capability to gather, analyze, and exploit information about illicit drug trafficking that may be occurring in Peru, including in its airspace east of the Andes, on its waters, and on the ground.

Andean Counterdrug Initiative
(\$ in thousands)

	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
Andean Counterdrug Initiative			
Bolivia Total	90,727	91,000	91,000
<i>Bolivia - Alternative Development/Institution Building</i>	41,727	42,000	42,000
<i>Bolivia - Interdiction</i>	49,000	49,000	49,000
Brazil Total	6,000	10,200	9,000
Colombia Total	580,200	463,000	463,000
<i>Colombia - SUP</i>	54,000	-	-
<i>Colombia - Alternative Development/Institution Building</i>	149,200	150,000	150,000
<i>Colombia - Interdiction</i>	377,000	313,000	313,000
Ecuador Total	30,896	35,000	26,000
<i>Ecuador - Alternative Development/Institution Building</i>	15,896	15,000	15,000
<i>Ecuador - Interdiction</i>	15,000	20,000	11,000
Panama Total	4,500	6,487	6,000
Peru Total	128,052	116,000	112,000
<i>Peru - Alternative Development/Institution Building</i>	68,552	50,000	50,000
<i>Peru - Interdiction</i>	59,500	66,000	62,000
Venezuela Total	2,075	5,000	3,000
Air Bridge Denial Program	-	-	21,000
Aviation Replacement Aircraft	-	-	-
Total	842,450	726,687	731,000

Migration and Refugee Assistance

(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
MRA	781,884	755,712	729,789

Humanitarian response is a key U.S. national interest outlined in the joint Department of State/U.S. Agency for International Development Strategic Framework. The foreign policy interests of U.S. humanitarian programs are high. In the past year, the U.S. Government has responded to humanitarian emergencies in Afghanistan, Iraq, Liberia, Côte d'Ivoire, and the West Bank and Gaza, while continuing to address humanitarian needs in such diverse places as the North Caucasus, Democratic Republic of the Congo, and Nepal. The State Department continues to believe that effective humanitarian response to limit the suffering of victims of conflict is good foreign policy.

The Migration and Refugee Assistance (MRA) and the Emergency Refugee and Migration Assistance Fund (ERMA) appropriations are two of the primary funding mechanisms for demonstrating our compassion internationally. Funds appropriated to the MRA and ERMA accounts 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 2005 request for MRA will fund protection and assistance activities overseas, admission of refugees to the United States, international migration activities including resettlement of humanitarian migrants to Israel, and administrative expenses of PRM.

Key MRA and ERMA funding priorities in FY 2005 include: continuing our support for the large-scale return and reintegration of Afghan refugees and internally displaced persons (IDPs), similar programs for Liberians and Sudanese (assuming a peace agreement in Sudan), and ongoing protection and assistance activities in Colombia and the North Caucasus; responding to emergency requirements in the Middle East; bolstering efforts to enhance the protection of refugees, including programs that guard against the exploitation of beneficiaries of humanitarian assistance; and pressing other donors to provide their fair share of assistance to international humanitarian organizations.

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 access to effective protection and first asylum for refugees and conflict victims. Protection of women and children is a priority given their numbers and vulnerability.
- Providing humanitarian assistance across geographic regions and according to internationally accepted standards.
- Supporting voluntary repatriation, including sustainable reintegration of refugees in countries of origin.

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. The majority of refugee assistance funds (over 88% in FY 2003) are provided multilaterally through international organizations (IOs), although funding is also provided bilaterally to non-governmental organizations (NGOs) that fill gaps in the international community's multilateral response. The primary recipients of U.S. funds and their major activities are discussed in the Overseas Assistance sections that follow.

Refugee Resettlement

PRM provides MRA funding to the UN High Commissioner for Refugees (UNHCR), the International Organization for Migration (IOM), and U.S. NGOs and other contractors, both overseas and domestically, to provide U.S. resettlement opportunities to refugees in need of this durable solution and to encourage other countries to do the same. The FY 2005 request will support increasing efforts to identify resettlement caseloads, process them for admission to the United States and provide initial reception and placement services. MRA funds to UNHCR are targeted to increase its capacity worldwide to screen populations and refer caseloads for resettlement. IOM receives MRA funds for overseas processing functions in some locations and transportation-related services for all refugees admitted under the U.S. program. MRA funds also support numerous U.S.-based NGOs involved both in overseas processing functions and in domestic reception and placement services. FY 2005 will see a continuation of the increased resources being committed to new caseload development while at the same time maintaining the higher level of funding needed for operational security during processing.

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, including 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 also provides support for humanitarian migration and integration of humanitarian migrants to Israel.

Administrative Expenses

Responsible and accurate programming and monitoring of PRM resources requires a skilled and flexible workforce capable of responding to international crises, managing resources of over \$800 million, and handling an array of significant humanitarian policy issues. The costs of this workforce—both domestic and overseas positions—are paid by the Administrative Expenses line of MRA. This includes all salaries and benefits as well as operating expenses for domestic and overseas offices. The FY 2005 request for administrative expenses is \$19.5 million. It also includes mandatory wage increases and inflationary costs. The budget request for the Department of State's Diplomatic and Consular Programs includes costs related to a small staff dedicated to international population policy management.

Overseas Assistance

(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
MRA	624,662	552,667	524,539

The FY 2005 request for Overseas Assistance will provide support for large-scale return and reintegration to places such as Afghanistan and Liberia and also continue the provision of life-saving protection and assistance to millions of refugees and conflict victims in places like Kenya, Thailand, and Colombia.

Our primary IO partners are:

- The United Nations High Commissioner for Refugees (UNHCR), PRM's principal international partner, is mandated by the UN to lead and coordinate international action for the worldwide protection of refugees and the resolution of refugee problems. UNHCR promotes international refugee agreements and monitors governments' compliance with international refugee law and standards. It also seeks to minimize the threat of violence, including sexual assault, to which many refugees are subject, even in countries of asylum. UNHCR seeks to promote lasting solutions for refugees, including voluntary repatriation, local integration, and resettlement to a third country. The agency also works with partners to ensure that refugees' basic needs such as water, shelter, food, and medicine are met. In 2005, UNHCR will continue efforts to direct protection and assistance activities toward refugee women and children, who comprise the majority 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 protect and assist civilian victims of armed conflict, trace missing persons, reunite separated family members, and disseminate information on the principles of international humanitarian law.
- The United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) has a continuing mandate from the United Nations to provide education, health, relief, and social services to the over four million registered Palestinian refugees located in Jordan, Syria, Lebanon, and the West Bank and Gaza.
- The International Organization for Migration (IOM) works with governments, other international organizations, and voluntary agencies to provide for the orderly and humane migration of persons in need of such services. IOM works in seven service areas: assisted returns, counter-trafficking, migration health, movements, mass information, labor migration, and technical cooperation on migration.

The Department intends to use the funds requested for FY 2005 to respond to the calendar year 2005 requirements of the IOs listed above.

U.S. support may also be provided to other IOs and NGOs as required to meet specific program needs and objectives. Other IOs receiving MRA funds in the past include the UN Children's Fund (UNICEF), the World Food Program (WFP), and the UN Development Program (UNDP). The six largest of the thirty-one NGO recipients of MRA or ERMA funds for overseas assistance in FY 2003 were the International Rescue Committee, the American Refugee Committee, the International Catholic Migration Commission, the International Medical Corps, CARE, and Mercy Corps International. Programs of non-governmental

organizations may commence at any point in the fiscal year, with funding typically 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.

Program Assessment Rating Tool (PART) / Performance Evaluation

For preparation of the FY 2005 budget, the Administration evaluated the U.S. contribution to the United Nations High Commissioner for Refugees (UNHCR), as administered by the Department, using the Program Assessment Rating Tool (PART). The program was rated as moderately effective. The program has a clear purpose: to help ensure a comprehensive response to the protection and assistance needs of refugees and to help provide refugees with lasting solutions. The PART review notes that program managers work closely with UNHCR to ensure that U.S. goals are understood and included in the organization's planning. The PART review also found that the program has ambitious long-term and annual goals tied to the mission of the program and that close cooperation and consultation has existed for many years between UNHCR and the Department, leading to agreed upon goals that appear in the "Framework for Cooperation." These PART findings were factors in the overall decision-making process for resources allocation. However, OMB notes that the Department did not have an efficiency measure at the time of the review and that UNHCR needs a better integrated financial system to ensure that program funds are being used effectively. The Department now has an efficiency measure in place and is working closely with UNHCR to implement a better financial management system.

Corresponding performance information (key goals and targets) for the U.S. contribution to UNHCR can be found in the Performance Summary volume of the integrated performance budget presentation on pages 24, 161, 215, and 289.

Key Indicators: (1) Number of fully-funded permanent, international, professional posts in the "protection" area within UNHCR; (2) Development and adoption/utilization of enhanced financial/supplies tracking system; and (3) UNHCR provides assessment of all refugee needs in African countries with greater than 10,000 refugees, and donors provide full funding for UNHCR's Africa program.

Assistance Programs in Africa

(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
MRA	228,523	201,387	208,500

MRA assistance will contribute to the basic needs of some 3 million refugees and millions more conflict victims spread across the African continent (both sub-Saharan and North Africa). The FY 2005 request reflects welcome opportunities for refugee solutions resulting from the 2002 peace agreement in Angola and expected peace and stability in Liberia and Sudan. Some support is included for refugee repatriation and reintegration in these countries. This request also reflects persistent civil strife in parts of the Democratic Republic of Congo (DRC) and Somalia.

Key challenges include: weakening donor response owing to urgent priorities elsewhere; protracted and seemingly intractable refugee situations such as those of Somali refugees in Kenya and Western Saharan refugees in Algeria; the concomitant disasters of drought/famine and threats to refugee health, including HIV/AIDS and malaria; concerns about the neutrality and security of refugee camps; and problems of humanitarian access to populations in need.

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 in Africa. Support is planned for ongoing protection programs in Africa as well as increased UNHCR protection staffing for critical Africa programs. Basic humanitarian assistance has not always been up to international standards in such life-sustaining sectors as nutrition and water/sanitation, and contributions to UNHCR and other implementing partners will continue to seek to address these gaps. UNHCR repatriation and reintegration assistance for refugees able to return home usually includes transportation, 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. There will continue to be a focus on the enduring challenge of achieving a coordinated hand-off to development agencies that can most effectively deal with post-conflict reconstruction.

In Africa as elsewhere, ICRC, often in partnership with other elements of the International Red Cross and Red Crescent Movement, is called upon to provide relief and protection in the most difficult and dangerous areas of countries caught up in armed conflict, where success depends largely on securing the cooperation of the warring parties. This sensitive task has continually become even more difficult, as parties to conflict have increasingly rejected the principle of neutral humanitarian assistance. The ICRC program in Africa provides protection and assistance to conflict victims and displaced persons, assistance to political prisoners and prisoners of war, and tracing services (for detainees and family members separated by conflict).

NGOs are key partners of IOs in Africa, often in specialized areas such as health care, water and sanitation, food distribution, and education. Funds will be provided directly to NGOs to complement the programs of UNHCR and to bring basic assistance up to international life-sustaining standards of care. It will be especially important to continue support for NGO efforts to augment health care for refugees in places such as Ethiopia, Kenya, and Tanzania. Our proposal also envisions funding NGO programs to promote refugee and returnee self-sufficiency in Uganda, Angola, and Guinea. UNICEF and other international organizations may also receive funding for assistance activities complementary to those of our key partners.

Assistance Programs in East Asia

(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
MRA	19,528	20,404	14,500

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 have voluntarily repatriated and only very small-scale repatriation continued in 2003. USG contributions to UNHCR in FY 2005 will support remaining refugees in the camps in Bangladesh as well as the reintegration and recovery needs of Rohingyas in Burma who repatriated within the past three years. Those remaining in Bangladesh need a durable solution, and UNHCR is negotiating with the Government of Bangladesh about this caseload.

At the beginning of 2004, more than about 140,000 refugees from a variety of ethnic groups in Burma still reside in camps in Thailand to which they fled to escape attacks by the Burmese army and its allies as well as from general persecution, such as forced labor and dislocation. The Thai Government continues to cooperate with UNHCR on the registration and protection of refugee camp populations. U.S. contributions to UNHCR will support its protection and assistance work in Thailand.

The FY 2005 request will also continue funding NGOs working in Thailand along the Burmese border. These NGOs address needs not covered by UNHCR or other IOs, including public health programs, water and sanitation, food, fuel and clothing aid, as well as some basic household assistance, such as blankets and mosquito nets.

U.S. contributions to ICRC in East Asia 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, including the provision of prosthetics for those injured by anti-personnel landmines.

Misguided agricultural policy and natural disasters since 1995 have led to severe food shortages in the Democratic People's Republic of Korea (DPRK), prompting thousands of North Koreans to flee to the People's Republic of China. Although it is a party to the 1951 Refugee Convention and its 1967 Protocol, China has not allowed UNHCR access to these individuals to assess whether any have claims to refugee status. MRA has funded basic medical and poverty alleviation programs through UNDP for drought-stricken North Koreans who have crossed the border into northeastern China. PRM anticipates supporting similar requirements in FY 2005.

Assistance Programs in Europe

(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
MRA	74,915	54,558	50,000

The FY 2005 request reflects the success in the return of refugees and displaced persons in the Balkans. Crises in the Independent States of the former Soviet Union (IS) continue with no prospect for resolution in sight.

PRM's highest priority in the Balkans will be minority returns of internally displaced persons to Kosovo from Serbia-Montenegro and Macedonia; integration assistance will also be needed for those who remain in Serbia. More than 230,000 people from ethnic minorities remain displaced from Kosovo. Providing options for return for these individuals is key to promoting regional stability and preventing future conflict and is particularly important given upcoming negotiations that will determine Kosovo's final political status. PRM will work through UNHCR and NGOs to facilitate returns.

PRM will continue to support ICRC's unique role in the Balkans to facilitate exchange of information on missing persons, conduct prison visits, and build the capacity of local Red Cross societies.

PRM has partnered with NGOs in the Balkans for the past decade with productive results. We plan to continue this partnership in FY 2005, albeit at a reduced level. Funding will support organizations facilitating the return of minority IDPs to Kosovo. The work of these NGOs complements the work done by UNHCR and the UN Mission in Kosovo.

Some three million people in the IS, who are refugees, displaced persons, returnees, or other migrants, remain in often desperate circumstances.

No resolutions of the "frozen" conflicts in Chechnya, Georgia, Armenia and Azerbaijan appear likely in the short term. Therefore, in FY 2005, continued strong MRA support is necessary for IDPs and refugees created by these conflicts. In FY 2005 MRA will also absorb costs previously covered by other funding sources.

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, remains insecure with reports of disappearances, human rights abuses, and terrorist bombings. Although growing numbers of Chechens are returning home, Chechnya continues to experience armed skirmishes between Russian soldiers and Chechen rebels. Altogether, some 80,000 IDPs remain in the neighboring republics of Ingushetiya and Dagestan. Despite recent cooperation from Russian authorities to allow IDPs the choice of remaining in Ingushetiya, there are repeated attempts to pressure IDPs to return to Chechnya. Within Chechnya, some 140,000 IDPs who lack access to basic shelter, water, sanitation, health care and education and will continue to require assistance. PRM will support UNHCR and ICRC's work in the sub-region.

There has been little progress in resolving the conflicts in Georgia (Abkhazia and South Ossetia) and between Armenia and Azerbaijan (Nagorno-Karabakh). More than 1.3 million people displaced by these conflicts will continue to require assistance in 2005.

In Central Asia, though the reintegration of Tajik returnees from the Tajik civil war will start to wind down in 2004, the most vulnerable returnees, particularly the elderly and female-headed households, will still require reintegration assistance.

Assistance Programs in the Near East

(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
MRA	125,404	100,538	97,000

Return and reintegration assistance to up to two million Iraqi refugees, recent returnees, and internally displaced persons will remain a high priority in FY 2005. Programs will support return and reintegration activities for voluntary returnees, as well as assist existing populations in neighboring countries until refugees elect for voluntary return. Programs inside Iraq will also help strengthen local structures, like the new Iraqi Ministry of Displacement and Migration, so that Iraqi government policies and programs will be responsive to refugee and IDP needs. Funds to support this assistance will be drawn from the FY 2004 Iraq Relief and Reconstruction Fund.

The FY 2005 MRA request incorporates significant continued support for assistance programs of the UN Relief and Works Agency for Palestine Refugees in the Near East (UNRWA), which benefit over four million registered Palestinian refugees in the region. The U.S. has been a major contributor toward UNRWA's programs since it began operations in 1950, under a UN mandate to assist Palestinian refugees in Jordan, Syria, Lebanon, and the West Bank and Gaza. The agency provides education, health care, and relief and social services. UNRWA schools and vocational training centers play a vital role in helping Palestinian refugees become economically self-reliant. U.S. support helps to provide some stability in the lives of the Palestinian refugee population in an increasingly difficult environment and contributes to building a climate conducive to a peaceful resolution of regional problems. Some of our support to UNRWA will allow the agency to continue critical security monitoring of their programs and operations in the West Bank and Gaza. The MRA request does not include funding for UNRWA's emergency operations.

In addition to supporting Iraqi refugees, UNHCR serves an additional half million persons of concern in eight countries of the region: Egypt, Iraq, Israel, Jordan, Lebanon, Saudi Arabia, Syria, and Yemen. Throughout the Near East, UNHCR provides protection and assistance with emphasis on the special needs of women and children, counsels repatriation candidates, assists voluntary returns and reintegration, conducts status determination interviews and resettlement processing, negotiates with host governments regarding conditions for refugees, and provides some vocational skills training and self-help activities.

ICRC activities in the Near East 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. 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 protection, medical and other assistance to conflict victims and displaced persons.

Assistance Programs in South Asia

(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
MRA	79,321	73,741	58,039

The FY 2005 request will be aimed primarily at continuing U.S. support for return and reintegration programs for Afghan refugees and internally displaced persons. MRA funds will facilitate the return of up to one million refugees to Afghanistan in FY 2005 through contributions to UNHCR and others. Along with reintegration assistance for some 1.3 million returns in 2004, the FY 2005 MRA request for Afghans will provide critical humanitarian assistance for these returnees through the United Nations, other IOs, and NGOs. Most of the returnees avail themselves of UNHCR's assistance, although a smaller number return spontaneously. While the returnees receive travel and minimal reintegration assistance, most of them return to damaged or destroyed homes, a devastated physical and economic infrastructure, and little in the way of employment opportunities. The ultimate success of the return and reintegration program will largely depend on the ability of the Afghan government, the United Nations, and the international community to anchor returnees in their home communities by responding to unmet humanitarian needs, rebuilding infrastructure, and creating economic opportunities.

PRM will also continue to support ICRC's programs benefiting 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.

UNHCR estimates that some 2.6 million Afghan refugees remained in Pakistan, Iran, and Central Asia at the end of 2003, and well over half of these will not repatriate in 2004 due to the security situation, persecution of certain ethnic groups, and Afghanistan's limited capacity to absorb additional returnees. The U.S. Government will need to continue supporting UNHCR and its partners' protection and assistance work on behalf of refugees in these countries. UNHCR's protection and assistance activities for Afghan refugees and returnees will continue to take account of especially vulnerable populations, including women, children, disabled persons, and members of persecuted ethnic groups.

PRM also plans to fund other international organizations and NGOs to supplement the repatriation and reintegration assistance to Afghan refugees. In 2004 and beyond, UNHCR and the Afghan government will increasingly rely on other international organizations and NGOs to ensure that the critical needs of returning refugees, IDPs, and other vulnerable persons are met during the transition from relief to recovery. To this end, the Department will look favorably on other IO and NGO projects that anchor returnees in their communities. The Department will also continue to give special attention to the needs of Afghan women and girls.

Bhutan and Nepal have undertaken a bilateral verification process to prepare for the repatriation and local integration of 104,000 Bhutanese refugees in seven refugee camps in Nepal. The repatriation to Bhutan of selected refugees from the first camp is scheduled to take place in February 2004. PRM will continue to support UNHCR's activities in the camps. UNHCR has provided protection and assistance, 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. In the next two years, UNHCR will ensure that returns are voluntary, focus on locally integrating Bhutanese refugees, and promote resettlement for the most vulnerable population. UNHCR also supports Tibetan refugees in transit

to India by providing them with food, shelter, and health care and maintaining a Reception Center for Tibetan refugees in Kathmandu. PRM will also continue to support ICRC's activities in the region.

Another important country of humanitarian interest in the region is Sri Lanka. The February 2002 ceasefire has largely held and since then about 2,800 registered refugees (out of 64,000) have returned from India and 312,000 IDPs (out of 800,000) have returned. PRM will continue to support UNHCR and ICRC's activities on their behalf. UNHCR, other UN agencies, and the Government of Sri Lanka have coordinated on a joint strategy for reintegration assistance. The peace process is at a critical stage, with the government and the armed Tamil opposition exchanging proposals that will define the degree of local political autonomy in Tamil areas on the island. Most Tamil refugees in India are waiting for more progress in the peace talks before they commit to returning to their country. Land mines, military occupation, insufficient infrastructure in war-torn areas, and the need for restitution of property are also obstacles to return and reintegration.

India is host to over 130,000 Tibetan refugees. The Department supports through the Tibet Fund the immediate needs of approximately 2,500 new Tibetan refugees who arrive in India each year. In addition, with no resolution to the Kashmir conflict in sight, support for ICRC's critical protection of detainees and conflict victims will also continue through U.S. contributions to its regional appeal.

Assistance Programs in the Western Hemisphere

(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
MRA	20,366	21,526	26,000

The civil conflict in Colombia continues to be a primary cause of displacement and humanitarian suffering in the Western Hemisphere. For the past several years, the U.S. Government has sought to address the needs of more than 2 million IDPs inside Colombia, and thousands of refugees outside Colombia, through a combination of MRA and special appropriations for the USG's Colombia operations. In FY 2005, the Department will include in its MRA request all funds devoted to those requirements.

Our primary partners in Colombia are ICRC and UNHCR. ICRC is the primary provider of emergency assistance to IDPs in Colombia, and the bulk of our MRA funding in Colombia would go to support its efforts in FY 2005. In 2004, ICRC's budget for its operations in Colombia (with 60 expatriates) is one of its largest in the world. ICRC distributes aid to internally displaced persons in over two-thirds of Colombia's municipalities. Emergency food parcels are a crucial part of its assistance. As needed, ICRC also provides hygiene kits, bedding material, dishes and cooking utensils.

UNHCR is also assisting the Colombian government in responding to the assistance and protection needs of IDPs. Its activities in Colombia include capacity building with IDP associations and the national and local governments. In neighboring countries, UNHCR works with host governments to promote refugee-related legislation, support NGO and local government refugee response, register refugees and asylum-seekers, and assist voluntary returns of Colombian refugees. PRM also provides some assistance to IDPs through NGOs, most significantly the Cooperative Housing Foundation, which is a major provider of shelter and provides some food/non-food items and psychosocial support as well.

While Colombia represents the most significant humanitarian assistance requirement in the region, ongoing UNHCR and ICRC programs of protection and humanitarian law dissemination throughout the hemisphere are needed to maintain a capacity for dealing with the needs of refugees and conflict victims now and in the future. U.S. contributions will help support UNHCR programs that work with States to establish effective protection regimes. UNHCR training workshops in the Caribbean are particularly important, as UNHCR has only one position in the region, instead operating through a system of "honorary liaisons." Funds will also be contributed to ICRC assistance programs in Central and South America.

The MRA request also includes funds to meet the Department's commitment to support the needs of Cuban and Haitian migrants at the Guantanamo Bay Naval Base who have been found to be in need of protection and await resettlement in third countries. This requirement reflects a new cost-sharing arrangement established by a Presidential Executive Order, which took effect October 1, 2003.

Strategic Global Priorities

(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
MRA	60,330	63,210	55,000

Formerly called “Multiregional Activities,” this budget line was renamed “Strategic Global Priorities” (SGP) to more accurately describe cross-cutting, core global priorities such as emergency response, refugee women, refugee children, health, and protection. It supports activities of international and non-governmental organizations that do not appear in any specific regional program (e.g., centrally-funded, multiregional activities). The request for SGP funding will provide U.S. contributions to the headquarters and global program costs of the United Nations High Commissioner for Refugees (UNHCR), the headquarters budget of the International Committee of the Red Cross (ICRC), and the multiregional refugee activities of other international or non-governmental organizations. SGP program activities also include interagency coordination efforts, emergency response units of international organizations, and monitoring and evaluation activities. A particular emphasis of our SGP funding is to promote initiatives in such areas as refugee women and children, prevention and response to gender-based violence (GBV), enhancing refugee protection, registration, and HIV/AIDS prevention, which ultimately become integrated into the regular programs of our partners and lead to more effective and efficient programs in support of refugee needs.

A key priority in our funding for UNHCR out of the SGP budget line is the prevention of sexual exploitation and the improvement of UNHCR’s protection presence in the field. The increasing violence of conflicts, including GBV, large numbers of refugees and displaced persons in the world, most of whom are women and children, and the strain on resources to deal with them has eroded the protection of refugees over the years. The Bureau has worked closely with our NGO and IO partners on prevention of sexual exploitation, and now requires that all our NGO partners have codes of conduct reflecting core principles regarding sexual exploitation. A key initiative that will help provide better protection to refugee women and children is funding for additional protection officer positions. The continuation of the protection staffing surge capacity within the organization and the development of an enhanced registration system are also important USG priorities. Funding is also included for UNHCR’s Operational Reserve, an important mechanism on which UNHCR’s emergency response capacity depends.

Funding for the ICRC headquarters budget covers the permanent activities carried out by ICRC staff in Geneva; field-related costs are normally attributed to the regional appeals. The contribution will be calculated at not less than 10 percent of the 2005 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/Red Crescent Movement. U.S. contributions to ICRC’s regional emergency appeals are described under the previous regional sections of this document.

The SGP budget line also supports positions held by Americans with UNHCR and IOM through the Junior Professional Officer (JPO) programs.

Migration
(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
MRA	16,275	17,303	15,500

International migration activities include cooperation with other governments and with international and non-governmental organizations to encourage humane and effective migration management, particularly at the regional level. U.S. funds for migration activities are primarily disbursed through the International Organization for Migration (IOM). The FY 2005 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.)

Assistance in this category will be provided to support the international migration policy goals for which PRM has primary responsibility, especially the promotion and protection of the human rights of vulnerable migrants, including asylum seekers and victims of trafficking. A key goal of the FY 2005 request for migration is to continue our support to programs aimed at preventing trafficking in persons and assisting trafficking victims. Anti-trafficking programming will be closely coordinated with the State Department's Office to Monitor and Combat Trafficking in Persons and other U.S. anti-trafficking efforts.

Another principal migration activity is participation in and support for regional migration dialogues. Since 1996, the United States has been involved in the Regional Conference on Migration (RCM), a forum where ten North and Central American governments and the Dominican Republic discuss and cooperate on common migration challenges. 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. Through MRA, PRM also supports newer regional dialogues, such as the South American Conference on Migration (SACM), the Migration Dialogue for Southern Africa (MIDSA) for member states of the Southern African Development Community (SADC), and nascent migration dialogues among members of the Economic Community of West African States (ECOWAS). PRM will also be actively involved in work on migration at a global level through the UN system.

Migration and asylum also figure prominently on the foreign policy agenda with countries in Europe and the NIS. Justice and Home Affairs issues continue to be 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. Through MRA, PRM also will continue to support efforts to develop effective and humane migration management systems in the Independent States (IS).

Refugee Admissions

(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
MRA	81,155	132,464	135,750

In FY 2005, PRM will continue to work on three priority areas for the admissions program: pipeline development, ensuring enhanced security during processing, and high-quality reception and placement services.

Africa

African admissions are expected to comprise approximately half of the allocated program during FY 2004, or some 25,000 arrivals. In the last two fiscal years, African admissions were more severely impacted by post-9/11 security reviews than admissions from any other region, but the program has regained its momentum and is again growing. During FY 2004, PRM will continue to process significant populations in both East and West Africa in need of resettlement. A number of large groups of African refugees for whom no other durable solution appears possible are currently under review for processing and will likely comprise the FY 2005 caseload. In FY 2005, the Africa program will likely continue to be the largest regional program.

East Asia

In FY 2004, PRM will begin a new, large-scale processing of Hmong refugees in Thailand that will continue into FY 2005. Although too soon to predict how many Hmong will ultimately travel to the U.S. through this new program, the number will be in the thousands. PRM is also exploring the potential for resettlement of Burmese in Thailand and a small population of Vietnamese refugees in the Philippines. Processing of a residual caseload from the Orderly Departure Program and a small number of Amerasian cases in Vietnam and several hundred Burmese and refugees from other Asian countries around the region will likely continue into FY 2005.

Europe

The FY 2005 programs in Europe will include primarily persons from the former Soviet Union and some residual cases from the republics of the former Yugoslavia. Admissions from the former Soviet Union will be persons of special interest to the United States, including Jews, Evangelical Christians, Baku Armenians, and certain Ukrainian religious activists. Also under consideration is a group of Meskhetian Turks in the Krasnodar region of Russia. Processing for the Meskhetian Turks will likely begin in FY 2004 and continue into FY 2005 and may result in several thousand arrivals. The Department of State will also continue to closely monitor the situation of religious minorities in Russia.

Near East and South Asia

Admission of Iranians (primarily religious minorities) and small numbers of other nationalities are expected to continue in FY 2004 and 2005. The U.S. Government is also prepared to continue to admit vulnerable Afghans, including women at risk. UNHCR is considering referral of some particularly vulnerable cases among the Bhutanese refugee population in Nepal.

Latin America and the Caribbean

Admissions in this region during FY 2004 will be comprised of in-country processing for Cubans and the small but growing program for Colombians. Both programs are expected to continue in FY 2005.

Summary of Costs

The funds requested for FY 2005 are directly related to costs that will be incurred on behalf of refugees who will be in the processing pipeline during FY 2005. Most will arrive in the U.S. during FY 2005, but some will not have completed all steps in time and will therefore arrive in FY 2006. All steps involved in admitting refugees involve direct cost to the program, from initial identification, through overseas processing (both before and after the Department of Homeland Security (DHS) interview), medical examination, security screening, transportation and reception and placement. Funds are also used to support centralized data management and administrative overhead associated with both the overseas and domestic partners involved in the program. The budget request for refugee admissions funds the programs described below. Funds may also be used for the evaluation of these programs.

Processing

The Department funds UNHCR, IOM, and NGOs to assist with the identification and processing of refugees worldwide for resettlement in the United States. Processing responsibilities include screening applicants to assess their eligibility for interview by DHS adjudicators under the U.S. refugee program. Some applicants interviewed by DHS 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. 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.

Transportation and Related Services

For FY 2005, 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 made available to IOM from refugees previously resettled.

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 integration into U.S. society. These agencies are expected to augment federal funds by drawing on private cash and in-kind contributions, which 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. Implementation of the operational guidance has resulted in a significant improvement in service delivery over the past two fiscal years.

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), which assumes responsibility for assisting resettled refugees after the initial service period covered by the R&P program.

Program Assessment Rating Tool (PART) / Performance Evaluation

For preparation of the FY 2005 budget, the Administration reassessed the Department’s Refugee Admissions to the United States program using the Program Assessment Rating Tool (PART). In this second PART review, the program was rated as moderately effective. According to the assessment, the program has a clear purpose, planning processes are in place, and the program is well managed. OMB noted that program managers have improved strategic planning, particularly the coordination efforts of program managers to ensure involvement of NGOs, international organizations and other agencies in the planning process. However, the PART review noted that the program must continue its work toward obligating funds for intended purposes instead of reprogramming appropriated funds for other programs. Furthermore, some overlap between the U.S. Refugee Admissions Program and the similar programs of the Office of Refugee Resettlement (ORR) in the Department of Health and Human Services was cited. These assessments, along with the lack of an adequate efficiency measure, impacted the results and accountability section of the PART review. Program managers are taking key management actions to address these deficiencies and an efficiency measure is now in place. The Department is reviewing the relationship between this program and ORR’s programs to ensure there is no duplication. The PART process provided information that was taken into account in the overall decision-making process for resources allocation.

Corresponding performance information (key goals and targets) for the U.S. Refugee Admissions program can be found in the Performance Summary volume of the integrated performance budget presentation on pages 16, 215, 216 and 276-277.

Key Indicators: (1) Refugees resettled in the U.S., as a percentage of the allocated ceiling, and (2) Standardized essential services are provided by sponsoring agencies during the period of refugees’ initial resettlement in the U.S.

MRA Humanitarian Migrants to Israel

(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
MRA	59,610	49,705	50,000

The FY 2005 request will maintain our support for migrant programs of the United Israel Appeal (UIA). Our grant to the UIA 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, Ethiopia, and other countries of distress.

Program Assessment Rating Tool (PART) / Performance Evaluation

For preparation of the FY 2005 budget, the Administration reassessed the Department's Humanitarian Migrants to Israel program using the Program Assessment Rating Tool (PART). In this second PART review, the program was rated moderately effective. According to the review, the program is well managed and has a clear purpose: to provide assistance for the resettlement in Israel of humanitarian migrants from the former Soviet Union, countries in Eastern Europe, Africa and the Near East, and other countries of distress. OMB noted that program managers have taken management actions based on findings from the review last year and have coordinated closely with the United Israel Appeal (UIA) to further develop the program's performance measures. The grant agreement signed between UIA and the Department this past year noted the specific steps taken to refine performance measures and the relationship with UIA, which contributed to a higher program rating for the Humanitarian Migrants to Israel program this year. The assessment noted that the Department must continue to strengthen its annual and long-term measures, and create an efficiency measure, which the Department has now done. The improvement documented in the PART review was considered in the overall decision-making process for resources allocations.

Corresponding performance information (key goals and targets) for the Humanitarian Migrants to Israel program can be found in the Performance Summary volume of the integrated performance budget presentation on pages 16, 216 and 279.

Key Indicators: (1) Humanitarian migrants become self-sufficient members of Israeli society within two years of grant support and (2) Percentage change of trainees from the former Soviet Union who advance a full grade level in language proficiency within five months.

MRA Administrative Expenses

(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
MRA	16,457	20,876	19,500

The FY 2005 request of \$19.5 million for administrative expenses provides the Bureau with the resources essential to manage effectively and responsibly critical humanitarian programs funded through the MRA and ERMA appropriations. PRM staff play a key role in evaluating humanitarian conditions around the world; carrying out humanitarian diplomacy; designing, implementing and monitoring humanitarian projects; and ensuring that humanitarian issues are integrated into broader foreign policy efforts.

The administrative expenses line funds salaries and benefits for Bureau staff in Washington, D.C. and overseas, as well as travel and overseas post allocations.

U.S. Emergency Refugee and Migration Assistance Fund

(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
ERMA	25,831	29,823	20,000
ERMA-SUP	80,000	-	-

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 2005 request of \$20 million will provide the flexibility needed to respond to unexpected refugee and migration emergencies.

At the beginning of FY 2004, \$77 million remained in the fund. There were no ERMA drawdowns during the first quarter of FY 2004. In FY 2003, a total of \$74 million was drawn down from the ERMA fund for the following needs:

Africa

Presidential Determination 2003-09: \$11 million

On January 7, 2003, \$11 million was authorized to address unexpected urgent refugee and migration needs arising from the crises in Côte d’Ivoire (\$1.5 million) and Liberia (\$3.4 million), and from the return of refugees to Sierra Leone (\$700,000) and Angola (\$5.4 million).

Near East

Presidential Determination 2003-13: \$15 million

On January 26, 2003, \$15 million was authorized to meet unexpected urgent refugee and migration needs that were anticipated in the event of a future humanitarian emergency in the Middle East, including contingency planning for such needs.

Presidential Determination 2003-17: \$22 million

On March 20, 2003, \$22 million was authorized to meet unexpected urgent refugee and migration needs that were anticipated in the event of a future humanitarian emergency in the Middle East, including contingency planning for such needs.

Presidential Determination 2003-29: \$26 million

On August 4, 2003, \$26 million was authorized for a contribution to the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) to meet unexpected, urgent refugee needs in the West Bank and Gaza.

MRA\ERMA Program Summary
(\$ in thousands)

	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
Migration and Refugee Assistance			
MRA Administrative Expenses	16,457	20,876	19,500
MRA Africa	228,523	201,387	208,500
MRA East Asia	19,528	20,404	14,500
MRA Europe	74,915	54,558	50,000
MRA Humanitarian Migrants to Israel	59,610	49,705	50,000
MRA Migration	16,275	17,303	15,500
MRA Near East	125,404	100,538	97,000
MRA Refugee Admissions	81,155	132,464	135,750
MRA South Asia	79,321	73,741	58,039
MRA Strategic Global Priorities	60,330	63,210	55,000
MRA Western Hemisphere	20,366	21,526	26,000
Total MRA	781,884	755,712	729,789
U.S. Emergency Refugee and Migration Assistance Fund			
U.S. Emergency Refugee and Migration Assistance Fund	25,831	29,823	20,000
U.S. Emergency Refugee and Migration Assistance Fund SUP	80,000	-	-
Total ERMA	105,831	29,823	20,000
Total MRA/ERMA	887,715	785,535	749,789

Nonproliferation, Anti-terrorism, Demining, and Related Programs

(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
NADR	304,408	351,415	415,200
NADR-ERF	-	10,000	-
NADR-SUP	28,000	35,000	-

The Nonproliferation, Anti-terrorism, Demining, and Related Programs (NADR) account supports a broad range of U.S. national interests by funding critical, security-related programs. 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 2005 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, Asia, and the Pacific Rim; 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, radiological 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 2005 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; and
- 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 Nonproliferation of

Weapons of Mass Destruction Expertise program (formerly known as the Science Centers and Bio-Chem Redirection programs), which finance civilian research by former Soviet weapons experts in Russia, 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 two 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.

Anti-terrorism Efforts

The NADR account also supports a comprehensive approach to preventing and countering terrorist attacks on U.S. citizens and interests and to minimize the impact of any attacks that may occur, whether at home or abroad. NADR funds the Anti-terrorism Assistance (ATA) program, Terrorist Interdiction Program (TIP), Counterterrorism Engagement with Allies, and Counterterrorism Financing. 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. CT Engagement programs build international political will leading to concrete steps in the war on terrorism and enable senior level foreign officials to develop plans in the event of an actual incident. Counterterrorism Financing assists foreign countries' efforts to identify, freeze, and prevent the use of financial institutions, businesses, and charitable organizations as conduits for money to terrorist organizations. The FY 2005 request will support ongoing core ATA programs and the development of new courses and activities to meet the evolving terrorist threat, new TIP countries' efforts to interdict terrorists, and U.S. efforts to sustain and further the counterterrorism agenda in the international arena.

Regional Stability and Humanitarian Assistance

Finally, the NADR account funds programs that promote peace and regional stability, as well as meet humanitarian needs in post-conflict situations. The Humanitarian Demining Program (HDP) supports efforts to eliminate the threat to civilians resulting from the indiscriminate use of landmines and unexploded ordnance, which destabilize and damage efforts to restore peace and prosperity for years after conflict has ceased. Humanitarian mine action allows mine-affected nations to protect 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. The Department is also requesting funds to continue the matching contribution program with the International Trust Fund for Demining and Mine Victims' Assistance, which conducts and monitors mine action activities primarily in the Balkan region.

In FY 2005, NADR will also fund the Small Arms/Light Weapons (SA/LW) 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. Destruction of these weapons contributes to U.S. force protection and regional security efforts by helping prevent the spread of illicit weapons to insurgent groups and terrorist organizations. The FY 2005 program will focus on destruction of shoulder-launched surface-to-air missiles, or MANPADS, that increasingly have been sought after and used by terrorist groups in Kenya, Iraq, and elsewhere.

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

	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
Nonproliferation Programs			
Nonproliferation and Disarmament Fund	14,902	29,823	34,500
Export Control and Related Border Security Assistance	36,000	35,788	38,000
Science Centers/Bio Redirection	52,000	50,202	-
Nonproliferation of WMD Expertise	-	-	50,500
IAEA Voluntary Contribution	52,900	52,687	53,000
CTBT International Monitoring System	14,000	18,888	19,000
KEDO	4,968	-	-
Subtotal - Nonproliferation Programs	174,770	187,388	195,000
Anti-Terrorism Programs			
Anti-terrorism Assistance	65,638	96,428	128,300
Anti-terrorism Assistance - ERF	-	10,000	-
Anti-terrorism Assistance - SUP	25,000	35,000	-
Terrorist Interdiction Program	5,000	4,971	5,000
CT Engagement w/Allies	-	-	500
Counterterrorism Financing	-	-	7,500
Subtotal - Anti-Terrorism Programs	95,638	146,399	141,300
Regional Stability & Humanitarian Assistance			
Humanitarian Demining Program	46,000	49,705	59,900
Humanitarian Demining Program - SUP	3,000	-	-
International Trust Fund	10,000	9,941	10,000
Small Arms/Light Weapons Destruction	3,000	2,982	9,000
Subtotal - Regional Stability & Humanitarian Assistance	62,000	62,628	78,900
Total	332,408	396,415	415,200

Nonproliferation and Disarmament Fund

(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
NADR-NDF	14,902	29,823	34,500

The NDF funds and manages projects that provide a line of defense even forward of military preemption, thereby serving to forestall future WMD and missile threats to the United States and its interests. NDF's flexibility provides a unique tool for the U.S. to drive new diplomatic initiatives and to grasp opportunities for action that cannot be foreseen or which would otherwise prove too unpredictable or too difficult to consider.

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 (WMD), their delivery systems, related sensitive materials, and conventional weapons; and (3) limiting the spread of advanced conventional weapons and their delivery systems.

During 2003, NDF projects reaped significant achievements that reinforce U.S. WMD nonproliferation efforts. Under an NDF project, all work has been completed on the destruction/demilitarization of Bulgaria's SS-23 and SCUD missiles, FROG rockets, and related warheads and equipment. NDF has eliminated or secured chemical munitions and related facilities in several Balkan locations, neutralizing a threat in an unstable region. The irreversible shutdown of the BN-350 reactor in Kazakhstan has proceeded with the successful draining of hazardous sodium coolant, an activity funded by NDF. In addition, NDF released and distributed an enhanced version of its Tracker automated export control software, currently used in many eastern and central European countries as the primary system to analyze and decide on potential exports. These accomplishments demonstrate the valuable contribution that NDF makes to the full range of nonproliferation concerns.

Other past and ongoing NDF activities include: the destruction of SS-23 and SCUD missiles and related equipment in several countries of Central Europe; the transport and protection of over 100 pounds of Highly Enriched Uranium (HEU) from the Vinca Institute in Serbia; construction of a sodium processing facility for the BN-350 reactor in Aktau, Kazakhstan; removal of HEU and other nuclear materials from Central Asia; fabrication of non-destructive assay equipment in Moscow; development of Low Enriched Uranium fuel for Russian-built research reactors; and the provision of specialized nuclear safeguards equipment to the International Atomic Energy Agency (IAEA).

An important nonproliferation tool that permits rapid response to unanticipated or unusually difficult, high-priority opportunities, NDF has helped halt the proliferation of nuclear, biological and chemical weapons, destroyed or neutralized existing WMD, and limited the spread of advanced conventional weapons. Under the Dangerous Materials Initiative (DMI), NDF has started to fund pilot projects that seek bilateral partnerships to improve controls on biological, chemical, nuclear and radiological materials worldwide. NDF may also respond to additional demands in northern Africa, the Middle East, South Asia and the Balkans. An estimated breakdown of four key NDF activities in priority order follows.

Traditional NDF Activities: \$15 million for missile destruction; weapons destruction (both conventional and WMD); safeguarding of nuclear materials; conversion of reactors from HEU to LEU fuel; plutonium disposition from dismantled warheads; emergency interdiction support; confidence-building measures; and other unanticipated opportunities.

Tracker/Other Automated Systems: \$7 million to enhance the Tracker automated export control system to better handle the export and tracking of biological, chemical, fissile, and radiological materials, and to expand its use geographically (e.g., in East and South Asia and the Middle East).

Nuclear and Radiological (DMI): \$5 million to support a worldwide fissile materials protection initiative; retrieval and secure storage of lost radiological and fissile materials; procurement of specific nuclear safeguards equipment; and training of experts in radioactive source controls.

Biological and Chemical Weapons (DMI) Terrorism Initiative: \$7.5 million to assist foreign governments to develop laws and regulations; inventory biological and chemical materials; secure and track the movement of existing stocks of biological materials, dangerous pathogens and chemicals; and train those charged with monitoring and responding to emergencies.

During FY 2005, we expect to receive proposals to:

- Destroy chemical weapons stocks in the Balkans;
- Destroy other WMD-related munitions and stocks;
- Assist foreign governments to develop laws and regulations protecting chemical, biological and radiological materials;
- Track, secure and, as necessary, destroy dangerous pathogens worldwide;
- Remove HEU from research reactors;
- Secure orphaned radiological sources and track and inventory radiological material;
- Support a worldwide fissile material protection initiative;
- Enhance and support the plutonium disposition program with Russia;
- Support emergency interdiction efforts; and
- Extend the Tracker system to: (a) additional countries, possibly to include countries in the Middle East, East Asia, and South Asia; (b) ministries tracking inventories and movements of dangerous materials; (c) border posts; and (d) companies.

The Administration is requesting \$34.5 million for the NDF in FY 2005 to fund these critical activities. 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 for use 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. Since FY 2003, the NDF has used 5 percent of the funds appropriated for its program activities for administration and operation costs, and the NDF requests a similar percentage for FY 2005.

Program Assessment Rating Tool (PART)/Performance Evaluation

For preparation of the FY 2005 budget, the Administration evaluated the Department's Nonproliferation and Disarmament Fund (NDF) Program using the Program Assessment Rating Tool (PART). It was rated as Results Not Demonstrated because it does not have a limited number of specific long-term performance measures that focus on outcomes and meaningfully reflect the purpose of the program.

The NDF program makes a unique contribution in addressing the ongoing worldwide problem of the proliferation of weapons of mass destruction. The PART review noted that while the NDF has a long list of accomplishments, annual requirements for fund expenditure are determined only after funds are

appropriated, making development of long-term goals difficult. A draft long-term measure was included in the PART that reflects the overall management goal of the program, to achieve and maintain a capability response, as needed for often unanticipated nonproliferation and disarmament priorities. The Department is working to strengthen long-term goals for the program for the FY 2006 budget. The Department's Bureau of Non-Proliferation is also working to refine newly developed efficiency measures and plans to incorporate them into the PART for the FY 2006 budget.

The Department of Energy, the Department's Verification and Compliance Bureau, U.S. embassies abroad, and foreign governments verify the results of all NDF projects. NDF projects are also subject to regular in-house evaluations. The NDF is periodically inspected and audited by the Department's Office of the Inspector General (OIG) and reviewed by the bureau. All past inspections, audits and reviews have been favorable and useful to NDF management. A new round of audits began in the fall of 2003 and the OIG is scheduled to inspect the NDF again in 2004. The FY 2005 resource request for the Nonproliferation and Disarmament Fund is based upon the perception of threat to U.S. national interests and diplomatic opportunities that would lend themselves to the use of NDF resources. Success by the NDF in meeting past challenges in a timely and cost-effective manner, as measured by PART and other evaluations, provides a critical element in justifying funding for the NDF and is considered in the resources allocation process.

Corresponding performance information (key goals and targets) for the Nonproliferation and Disarmament Fund Program can be found in the Performance Summary volume of the integrated performance budget presentation on pages 20, 103 and 285.

Key Indicators: (1) Access to WMD impeded; states conforming to international non-proliferation norms of behavior, (2) redirection of former WMD scientists/engineers to civilian activities and development of self-sustaining civilian alternative employment, (3) status of cooperation with allies on missile defense.

Export Control and Related Border Security Assistance

(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
NADR-EXBS	36,000	35,788	38,000

Preventing the proliferation of Weapons of Mass Destruction (WMD), their missile delivery systems, and conventional weapons is among the United States' top priorities. Strong export and border control systems are the frontline of these efforts, and a key component of the war on terror. The Department of State-coordinated Export Control and Related Border Security Assistance (EXBS) program is the United States' primary vehicle for assisting foreign governments to establish and implement effective export and border controls that meet international standards.

The EXBS program, drawing on expertise from a number of U.S. agencies and the private sector, is assisting governments in strengthening their export controls by improving their legal and regulatory frameworks, licensing processes, border control and investigative capabilities, outreach to industry, and interagency coordination.

FY 2005 EXBS program funding will continue the development of effective controls in a number of key countries, notably potential proliferation source and transit states in Eurasia, while stepping up our efforts in potential source countries in South Asia and key transit and transshipment states in Southeastern Europe, as well as countries with major transshipment ports in the Mediterranean, the Middle East, and Southeast Asia. We will also continue programs in Afghanistan, Africa and Latin America planned for startup in FY 2004. The EXBS program will provide enforcement and detection equipment to key transit countries that have established the legal/regulatory, licensing, and enforcement infrastructures essential to effective export control systems, such as the Baltic countries, Romania and Bulgaria, Slovakia, and Slovenia.

In addition, the EXBS program will respond to new and changing threats to the security of the United States and its interests abroad. In FY 2005, the program will continue to adapt its assistance efforts to help address the proliferation threat posed by radiological devices and Man-Portable Air Defense Systems (MANPADS).

A key tool in stemming the proliferation of WMD, their delivery systems, and other weapons is effective exports 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.

Continuing Work in Eurasia

- \$6.3 million: Russia, Ukraine, and Kazakhstan retain significant WMD materials and expertise from the Soviet era. The EXBS program is working on many fronts with these countries, including efforts to enhance enforcement capabilities and promote industry compliance with national export control laws.
- \$4.34 million: high-risk transit and smuggling routes from source countries run through Central Asia and the Caucasus. The EXBS program's activities in the region, which remains on the front line of the war on terror, include enhancing border security capabilities and building effective legal controls to meet this challenge.

Continuing Work Globally

- \$1.935 million: tightened export controls in South Asia are vital to ensure that India and Pakistan do not become a source for sensitive materials and technology to other countries or terrorist organizations, particularly in the Islamic world. Assistance will continue the improvement of legal and regulatory frameworks for export controls in key countries and provide non-intrusive equipment and enforcement training to address concerns over WMD proliferation, including chemical and biological weapons, and missile technology, exports.
- \$5.73 million: major transshipment ports and countries along high-risk smuggling routes in the Mediterranean, including Cyprus, Malta and Turkey; Southeast and East Asia, including Singapore, Taiwan and Thailand; and the Middle East, including Jordan and the United Arab Emirates; are of major concern as potential diversion points for WMD-related items due to their geographic location, large volume of container traffic, and reputation for lax controls and trade facilitation. Assistance will continue the development of effective legal and regulatory frameworks and provide non-intrusive equipment and enforcement training to address concerns for potential of diversions of controlled items at major transshipment ports in these regions.
- \$5.295 million: A number of Central European countries have demonstrated the political commitment to effective controls and established the requisite legal/regulatory, licensing and enforcement infrastructure, but need some additional training and equipment to improve enforcement capabilities. We also plan to expand to focus on Radiological Dispersion Devices (RDDs), aka 'dirty bombs', MANPADS, and other weapons to EXBS program countries, including the European Union accession and aspirant countries that have established the requisite legal/regulatory, licensing and enforcement infrastructure.
- \$2.85 million: Balkan, Latin American, and African countries are potential sources, transit, and transshipment points for WMD-related items and advanced conventional weapons. The Balkans have defense industries with over-capacity and a history of dealing with rogue countries. In addition, recent arms transfers have highlighted the critical need to strengthen these countries' export controls. East African states are of increasing concern due to their proximity to the Middle East and porous borders, which facilitate the transfer of weapons and related items, and their potential attractiveness to terrorist organizations. Providing export control assistance to key transit/transshipment states in East Africa supports the President's counterterrorism initiative in that region. Assisting Latin American states to develop effective export control systems is in the U.S. domestic security interest. A large volume of containerized trade that enters the United States transits Latin America, especially through the Panama Canal. In addition, countries like Brazil and Argentina are potential sources of WMD technologies, nuclear materials, and missile components. Assistance will help establish effective legal bases and provide enforcement training in key transit/transshipment countries in South America.

Improving Program Management

- \$7.6 million: continue and expand the worldwide nonproliferation advisors program, which currently has 14 offices covering 21 countries. Funds will support the work of in-country and regional advisors, including overseeing and coordinating implementation of assistance projects, assessing foreign export control/border security capabilities and practices, recommending projects, and ensuring effective use of U.S.-provided equipment.
- \$2.5 million: program administration, including repair, replacement, and upgrade of deployed detection and imaging equipment; development and implementation of performance measurement tools

(e.g., thorough assessments of countries' export control systems and progress made in improving controls); contractor support; and costs associated with team visits, such as translators and transportation to border points.

- \$1.45 million: international conferences and regional activities: These activities foster a sense of shared responsibility and purpose, provide countries with information that can be used to make specific improvements to their national export control systems, provide a forum for countries to learn from the experiences of others and promote a network of like-minded countries that can cooperate in taking export control enforcement actions and working to improve national systems.

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

	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
Africa			
Kenya	-	1,088	50
South Africa	-	-	25
Tanzania	-	544	25
Subtotal - Africa	-	1,632	100
East Asia and the Pacific			
East Asia Regional	-	-	365
Malaysia	-	80	150
Singapore	200	850	500
Taiwan	250	770	550
Thailand	200	380	750
Vietnam	100	230	280
Subtotal - East Asia and the Pacific	750	2,310	2,595
Europe and Eurasia			
Albania	300	300	300
Armenia	1,011	300	300
Azerbaijan	1,850	850	1,545
Bosnia and Herzegovina	641	600	500
Bulgaria	500	500	500
Croatia	750	750	690
Cyprus	260	400	400
Czech Republic	530	-	-
Estonia	400	1,175	1,000
Hungary	350	-	-
Kazakhstan	1,900	2,000	2,000
Kyrgyz Republic	2,000	500	500
Latvia	1,150	1,825	1,000
Lithuania	820	1,020	1,000
Macedonia	300	300	400
Malta	480	100	100
Moldova	975	640	495
Poland	500	-	-
Romania	560	495	750
Russia	2,500	2,800	2,800
Serbia and Montenegro	794	750	735
Slovakia	700	305	550
Slovenia	500	365	495
Tajikistan	350	300	300
Turkey	600	600	600

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

	FY 2003	FY 2004	FY 2005
	Actual	Estimate	Request
Turkmenistan	50	-	-
Ukraine	2,000	1,500	1,500
Uzbekistan	1,927	1,200	1,200
Subtotal - Europe and Eurasia	24,698	19,575	19,660
Near East			
Jordan	555	750	860
Oman	85	400	400
Saudi Arabia	80	-	-
United Arab Emirates	200	250	250
Yemen	-	450	525
Subtotal - Near East	920	1,850	2,035
South Asia			
Afghanistan	80	230	250
Afghanistan SUP	28,000	35,000	-
India	1,000	685	685
Pakistan	200	535	1,000
Subtotal - South Asia	29,280	36,450	1,935
Western Hemisphere			
Argentina	-	-	50
Brazil	-	-	50
Panama	50	25	25
Subtotal - Western Hemisphere	50	25	125
Global			
Export Control Program Administration	423	1,725	1,500
Export Control Regional Advisors	6,258	6,176	7,600
Global Regional Export Controls	1,215	545	1,450
Program Equipment	406	500	1,000
Subtotal - Global	8,302	8,946	11,550
Total	64,000	70,788	38,000

Nonproliferation of WMD Expertise

(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
NADR-WMD	-	-	50,500

* This program, formerly named the “Science Centers/Bio-Redirection” program, received \$52 million in FY 2003 and an estimated \$50.2 million in FY 2004.

Preventing the proliferation of weapons of mass destruction (WMD) expertise is a continuing U.S. national security priority and a global security objective the United States pursues with friends and allies. The need to impede access to sensitive weapons technology, material, and expertise by proliferant states and terrorist networks worldwide is an objective of the current U.S. National Security Strategy, National Strategy to Combat Weapons of Mass Destruction, and National Strategy for Combating Terrorism. The growing global threat to U.S. national security from available WMD-relevant expertise prompted Congress to broaden to countries beyond the Former Soviet Union the State Department’s legislative authorities for WMD redirection efforts (see Chapter 9 of Part II of the Foreign Assistance Act of 1961). The new program name, “Nonproliferation of WMD Expertise” (NWMDE), supersedes the program name formerly referred to as “Science Centers/Bio Redirection” and reflects this broader authority.

Anecdotal reports persist of former Soviet scientists, especially those in Central Asia and the Caucasus, being approached by officials from proliferant states. Further, a 2003 survey of Russian scientists with weapons expertise found that 20 percent of respondents would consider working in North Korea, Syria, Iran, or Iraq for a year or more. Comparable WMD proliferation concerns are emerging in other parts of the world where there are scientists and technicians with WMD-relevant know-how. The State Department was called on to address the current situation with the former Iraqi weapon science and technology community, and we anticipate that similar situations could arise in the future.

This NADR program supports the engagement and permanent redirection of former weapon scientists worldwide. The Nonproliferation of WMD Expertise request finances the operation and administration of three distinct programs, the Science Centers program, the Bio-Chem Redirection program, and the Bio Industry Initiative. These are the largest U.S. efforts to gain access to and redirect former WMD scientists. For biological weapons/chemical weapons (BW/CW) scientists at certain foreign institutes, these are the only U.S. government programs engaging and redirecting them to peaceful civilian work and the only programs that provide the United States access and transparency to activities underway in those institutes. While employing different mechanisms and approaches, these programs share a common strategy: to access and engage high-risk former weapon institutes while helping these institutes and their scientists move from dependency to self-sustainability. Moreover, these programs provide steady, effective, and cost-efficient platforms for other U.S. nonproliferation/threat reduction programs.

The Science Centers program operates through two multilateral organizations, the International Science and Technology Center (ISTC) in Moscow and the Science and Technology Center in Ukraine (STCU) in Kiev. The United States, the European Union, Canada, Japan, Norway and South Korea, other U.S. Government (USG) nonproliferation programs, and private industry finance them. The centers focus on all categories of former Soviet WMD scientists - nuclear, chemical, biological, and missile - located in Russia, Ukraine, Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, the Kyrgyz Republic, Tajikistan, and Uzbekistan. Moldova ratified its accession to the STCU late in 2003 and is expected to join the other recipients in 2004.

The Bio-Chem Redirection program, an USG interagency program, was initiated in 1997 to address the acute proliferation threat posed by former Soviet biological weapons scientists who were being approached

by proliferant states. The program engages these scientists in activities leading toward self-sustainability and promotes access and transparency at formerly closed facilities once associated with the Soviet bioweapons program. In FY 2003, the program mandate expanded to engage former Soviet chemical weapons scientists and access previously closed chemical facilities. Bio-Chem Redirection leverages nonproliferation spending by focusing joint research projects on areas of critical public health, agricultural, and environmental research. The program funds the Departments of Health and Human Services (DHHS), Agriculture (USDA), and the Environmental Protection Agency (EPA) to conduct activities requiring their specialized expertise. These departments collaborate with Russian/Eurasian scientists on specific research projects through the ISTC and STCU under the coordination of the Department State. The program also integrates the DHHS, USDA, and EPA work with the biological and chemical-related activities of the Departments of Defense, Energy, and Homeland Security to provide consistent policy oversight and take advantage of the strengths of each agency. Some research projects directly support USG efforts to combat biological and chemical terrorism.

In FY 2002, the NADR account received a one-time transfer of funds to launch the Bio Industry Initiative (BII). The BII program is the only USG program focused on reconfiguring large-scale former BW-related production facilities. BII also engages former BW/CW scientists in accelerated vaccine and drug development research to combat highly infectious diseases, and supports global efforts to counter bioterrorism. Using the leverage provided by BII, U.S. experts have gained first-ever access to ten former BW production facilities. BII is implemented through experts in the areas of health, medical technology innovation, and biologics production, and in part through the ISTC. U.S. industry plays a key role in BII's success.

FY 2005 Program Requests

The FY 2005 budget request of \$50.5 million supports the Science Centers program (\$30.5 million estimate), Bio-Chem Redirection program (\$17 million estimate), and the Bio Industry Initiative (BII) program (\$3 million estimate). All three programs emphasize “graduating” former weapon scientists and institutes into self-supporting, sustainable civilian endeavors in order to secure the nonproliferation achievements of the past decade. The 2003 survey of Russian weapon scientists found that, in general, those who were less willing to work in a country of concern were also those who had adapted to new institutional systems such as competing for grants or contracts – exhibiting the skills and attitudes that are key features of our program strategy on self-sustainability and graduation. Moreover, senior researchers who had received ISTC grant funds were less likely to relocate to a country of concern than those who had not.

Using measures of institutes' economic health, diversity of revenues, and the number and value of their commercial partnerships or “spin off” companies, the Science Centers program will begin in 2004 to “graduate” well-off institutes out of consideration for broad project funding. Institutes moving into the “self-sustaining” category are those that increasingly attract national government projects, private academic and foundation grants, or commercial contracts. To help match capabilities to demand, the United States will press recipient states to consult through the Science Centers on the technical issues and challenges they are prepared to address with national resources. Graduated institutes will remain eligible for training, travel grants and other program aid for their efforts to market their capabilities and discoveries. Training programs, institute evaluation and strategic planning tools, market awareness, and other activities are essential elements in the graduation campaign.

This approach serves the U.S. objective of transforming our Science Centers participation from an aid relationship to one of partnership. It needs sufficient and sustained levels of funding to implement if institutes are to thrive in a transition from project-by-project, grant dependency to generating income transparently from diverse consumers of their R&D capabilities. For example, experts working under the

Bio Industry Initiative who have surveyed the target facilities estimate that approximately \$10 million over several years is required to reconfigure one medium-sized former weapons research institute toward peaceful, viable and transparent activity. Estimated costs would be significantly higher for the transition of a large-scale biologics production facility, 15-20 of which operated in the former Soviet Union.

Science Centers (\$30.5 million estimate)

The requested amount is needed to support the U.S.-led program reforms at the ISTC in Moscow and STCU in Kiev. These reforms expanded and improved the two centers' capabilities to move scientists and institutes more quickly along a path of graduation from Science Centers funding. The Science Centers program has:

- Supported over 300 patent filings
- Trained over 1000 scientists in business management techniques
- Received over \$25 million in joint projects from 250 U.S. and western commercial and other private sector partners.

These efforts have yielded concrete results: a unique Russian-designed guided drilling system has attracted commercial interest from two U.S. petroleum exploration companies, while a \$3 million partnership with a Ukrainian institute resulted in specialized material welding technologies for a U.S. company. Approximately \$6-7 million is required to extend in-depth business development training, patenting support, active matchmaking with U.S. industry, and other forms of "self-sustainability" assistance to the hundreds of former Soviet scientists ready to benefit from such help.

To support ISTC and STCU activities in implementing their programmed approach to redirection, the requested FY 2005 funding will:

- Accelerate ongoing ISTC and STCU redirection activities, including: matching commercial and non-commercial market interests to recipient scientists and institutes through partner outreach and targeted commercialization initiatives; focusing former weapons scientists on conceiving projects whose results meet market interests; expanding training for recipient scientists and institutes beyond basic business management to more applied skills in marketing analysis, business management, and intellectual property protection; and sponsoring workshops and tailored consultant work to assist institutes in developing long-term strategic plans to attain self-sufficiency.
- Foster relationships and cooperative projects with former weapons scientists in new member states Azerbaijan, Tajikistan, and Moldova. While these countries will not absorb large amounts of funding, they have pockets of weapons expertise and are in important regions for U.S. nonproliferation and counter-terrorism strategies. As political conditions permit, we intend to re-engage former WMD communities in Belarus.
- Actively pursue private sector partners, international partners, and other donors (e.g., G-8 Global Partnership donors) to contribute to, and make use of, the existing ISTC and STCU programs. At the same time, continue to provide a stable and responsive platform for other USG threat reduction programs to implement their activities through the Science Centers' oversight mechanisms and other tools.
- Maintain current levels of program administration activities, including: active oversight and monitoring (including independent U.S. financial and technical audits of up to 65 USG-funded projects per year); reviewing hundreds of ISTC/STCU project proposals for proliferation risk, technical merit, and market

potential; and, providing administrative support in the United States and at the centers in Moscow and Kiev. Program administration funds also support activities that promote the commercial exploitation of patents and licensing rights in the United States for any intellectual property created by USG-funded Science Center projects.

Bio-Chem Redirection (\$17 million estimate)

The amount requested is needed to meet priority needs and maintain the progress of key institutes toward graduation. Specifically:

- \$6 million is needed for DHHS's Biotechnology Engagement Program (BTEP), which reduces the risk of bioterrorism by engaging former CBW scientists from Russia, Armenia, Kazakhstan, and Georgia in areas that address priority public health concerns, including smallpox, HIV/AIDS, and drug resistant tuberculosis. BTEP is also our front-line program to engage newly identified bio institutes in Georgia, including those with large-scale biologics production capabilities. BTEP's work in this area is leveraged with funds from BII and from DoD's Cooperative Threat Reduction (CTR) program, which will work in parallel to dismantle excess BW capability and secure dangerous pathogen collections.
- \$7 million is needed for USDA's collaborative research projects -- including work to protect global food supplies and combat agro-terrorism via plant and animal disease detection, characterization, monitoring and prevention -- with former CBW institutes in Russia, Kazakhstan, Uzbekistan, and Tajikistan. USDA projects are our primary mechanism for graduating bio institutes in Uzbekistan from reliance on USG assistance. Top-priority Uzbek institutes employ up to 100 former BW scientists each. Some institutes already earn more than 50% of their budget from commercial sources. Requested funds will enable them to develop the skills and client base to become self-sufficient within three years. Funds allocated to USDA will also support projects at newly identified institutes in Tajikistan, where scientists confirmed in 2003 that proliferant state nationals have sought scientific collaboration in areas of proliferation concern. The requested funds will allow the program to engage these Tajik scientists, increase transparency and access to their institutes, and provide them an alternative to collaboration with proliferants.
- \$4 million is needed for EPA to expand engagement with former chemical weapons (CW) scientists in Russia, Ukraine, Kazakhstan and Uzbekistan. CW efforts begun in FY 2003 identified as priorities for engagement nine former CW institutes, some of which were not accessible before this program began. The USG recently gained permission from Kazakhstan to engage one of these, the Pavlodar Chemical Plant; the FY 2005 request is critical to engage this plant. The FY 2005 request will also finance new efforts to develop projects at the formerly closed State Institute for Technology of Organic Synthesis (GITOS) in Russia and the Institute of Organic Chemistry (IOKh) in Ukraine. Training, business planning and market research necessary to support the graduation of two Russian former CW institutes from reliance on USG assistance will be supported by the FY 2005 request.

Bio-Chem Redirect places high priority on ensuring rigorous program management, oversight, and audits. Bio-Chem Redirect funds also support the work of a dedicated Bio-Chem Science Advisor under contract, who provides technical support for reviews of biological and chemical project proposals.

Bio Industry Initiative (BII) (\$3 million estimate)

BII is specifically mandated by Congress to counter the threat of bioterrorism through the reconfiguration of the large-scale former BW production facilities in Russia (the only USG program that does this) and by accelerating drug and vaccine development for highly infectious diseases. Of an estimated 15-20 large-scale production plants in the former Soviet Union, BII has engaged twelve, ten of which had not

previously worked with the ISTC and had been closed to outsiders. BII proposes to expend \$3 million in FY 2005 funds from this budget line to complete its work at identified facilities -- work launched with one-time supplemental funds in FY 2002.

- \$500,000 of FY 2005 funding would be used to complete the ongoing marketing, business planning, and training support developed under BII, which are prerequisites for graduation of the selected institutes.
- \$2 million would be used for physical infrastructure upgrades that are crucial to deny terrorists access to dangerous pathogen collections and which reduce the likelihood of scientific personnel migrating to proliferant states.
- \$500,000 of the requested funding would enable the Department of State to continue advancing the Bioconsortium, a group of eleven former BW weapons institutes, toward commercial drug and vaccine development for highly infectious diseases. With BII assistance, this initiative has identified several vaccines and therapies with strong commercial potential, including a novel nanotechnology-based vaccine platform that could be a key to biodefense.

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

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
NADR-IAEA	52,900	52,687	53,000

The NPT is the bedrock of our nuclear nonproliferation strategy. To preserve and strengthen the NPT in the face of real challenges, we will work to strengthen its verification organization, the International Atomic Energy Agency (IAEA). The IAEA is a critical and effective instrument for verifying compliance with international nuclear nonproliferation agreements. Its program of international safeguards monitors nuclear material worldwide and provides assurance that it is not diverted to make nuclear weapons. Efforts to strengthen safeguards over the last dozen years have provided critical new tools to detect and respond to clandestine nuclear programs. IAEA safeguards serve both as an essential barrier against the spread of nuclear weapons and as a first line of defense against nuclear terrorism. The IAEA's expanding nuclear security programs will help states around the world improve their ability to protect nuclear materials and facilities, prevent nuclear smuggling, and apply better controls on radioactive materials to reduce the risk of radiological dispersal devices (AKA "dirty bombs"). The United States has strongly supported the IAEA since its creation in 1957.

For FY 2005, the Administration is requesting \$53 million for a voluntary contribution to the IAEA. The U.S. Voluntary Contribution is needed to continue to fill the gaps caused by a funding shortfalls for some safeguards activities and to fund expanded nuclear materials security programs. 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. The majority of the FY 2005 request supports safeguards (e.g., equipment development and procurement, training, country issues, and environmental sample analysis), the nuclear security fund (physical protection of nuclear material, control of radioactive materials, illicit trafficking of materials) and nuclear safety programs. Since September 11, 2001, the IAEA has shifted an increasing share (about 56%) of voluntary contribution funds toward safeguards, security and safety, accelerating the trend since 1998 when the share was just 40%. An historic increase in the IAEA's regular budget, to be phased in by 2007, will, in addition to providing the additional manpower to implement safeguards, significantly reduce the need for extra funds for equipment procurement. However, the IAEA will continue to rely on voluntary contributions for other key requirements, including technical experts and the development of the advanced technologies that will be critical to maintaining a strong safeguards system in the face of ever changing technologies and ever growing nuclear programs.

In September 2001, as part of the war on terrorism, the IAEA initiated a review of its programs with a view to enhancing those that will help states protect against acts of nuclear and radiological terrorism. In March 2002, the IAEA Board of Governors approved a multi-dimensional action plan that will help states around the world address this critical problem. The IAEA established an extrabudgetary fund, the Nuclear Security Fund, to support these activities. Overall pledged contributions to date total over \$27 million dollars. The bulk of this has come from the United States, but other IAEA member states have provided a growing share of these funds. These funds support IAEA efforts to combat nuclear terrorism, including developing and enhancing international standards and providing training and assistance on all aspects of the problem. This also includes training in physical protection techniques, assessment of security measures at specific nuclear facilities, and combating nuclear smuggling.

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 the IAEA's Technical Cooperation Program and support projects, training, fellowships and equipment in countries that are parties to the NPT.

Specific projects planned for FY 2005 include:

- Providing expert assistance and other support to expand international missions to assess the adequacy of physical protection measures at nuclear installations worldwide (known as International Physical Protection Advisory Services) to help counter the threat of nuclear terrorism;
- Providing additional cost free expert assistance to the IAEA's Office of Nuclear Security to bolster the speed and effectiveness of the IAEA's nuclear security activities;
- Increasing training and advisory services for more IAEA member states to improve their illicit trafficking and emergency management and response programs;
- Upgrading the IAEA "model project," which helps countries develop the infrastructure to better control their radioactive sources;
- Developing improved techniques for safeguarding spent fuel, particularly by reducing the demands on inspectors;
- Installing unattended radiation monitoring equipment in nuclear facilities such as the Rokkasho Reprocessing Plant in Japan;
- Replacing the IAEA's obsolete mainframe-based safeguards information system and integrating the expanding variety of information used in strengthening safeguards;
- Taking a long-term approach to meeting new equipment needs and life cycle costs;
- Training inspectors in the application of safeguards, and providing new information analysis and survey tools for use in inspections for the strengthened safeguards system;
- Developing robust safeguards approaches for nuclear facilities in states of concern;
- Strengthening quality control sensitivity of analyses by the Safeguards Analytical Laboratory and the Network of Analytical Laboratories, particularly in the analysis of environmental samples;
- Analyzing environmental samples from safeguards inspections to detect signatures of possible undeclared nuclear activities and materials;
- Upgrading the safeguards satellite imagery laboratory to improve access to and ability to analyze images for possible indications of undeclared sites; and
- Supporting the Department of Safeguards' development of a Quality Management System to improve reliability and quality of safeguards equipment and to ensure that safeguards conclusions are based on credible evidence and sound procedures.

CTBT International Monitoring System

(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
NADR-CTBT	14,000	18,888	19,000

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 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 eleven IMS stations were certified as meeting agreed specifications for performance and reliability. In 2001, another twelve stations were certified, including seismic stations in France, Iran, Norway, Spain, and the United States, and a second hydrophone station in the Indian Ocean. In 2002, another twenty-three stations were certified, including seismic stations in Kazakhstan, Kenya, and Ukraine. In 2003, an additional twenty-one stations were certified bringing the total of certified stations to sixty-seven, or 21% of the full IMS network. 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 2005 request in NADR will fund the U.S. contribution to the ongoing work of the Prepcom. This level reflects a U.S. funding share (22 percent), consistent with the current 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.

Anti-terrorism Assistance

(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
NADR-ATA	65,638	96,428	128,300
NADR-ATA-ERF	-	10,000	-
NADR-ATA-SUP	25,000	35,000	-

The Antiterrorism Assistance (ATA) program plays a key role in the U.S. Government's (USG) efforts to win the Global War on Terrorism (GWOT). The Secretary of State's Coordinator for Counterterrorism relies on this program both to build the political will and the operational capacity of partner countries to cooperate with the United States in protecting American lives and interests around the world. By making U.S. partners better able to detect and thwart terrorists, this program forms part of the first line of America's defense, working to stop terrorists before they reach U.S. shores. Its provision of training and assistance to mitigate the effects of the use of weapons of mass destruction works both to protect American lives abroad but also to increase the willingness of partners to work with us across the board in strengthening global counterterrorism (CT) efforts.

In order to prevail in the GWOT, the United States requires willing and able partners that can take effective action to prevent or mitigate terrorist attacks. As one of the world's preeminent providers of counterterrorism training, equipment, and advice to foreign countries, the ATA program plays a key role both in building the counterterrorist capacity of our partners and bolstering their resolve to confront and defeat the dangers of international terrorism. It expands the skills and abilities of foreign law enforcement officials who have primary responsibility in their nations for taking decisive action against international terrorists and networks that seek to target U.S. citizens, businesses, and other interests. These officials also have the primary responsibility for responding to and mitigating the impact of terrorist attacks that occur in their nations, including the possible use of weapons of mass destruction (WMD). ATA training and other assistance is the USG's primary means of improving the performance of partner nations in counterterrorist operations to prevent or prepare for future attacks. Although this program has grown substantially since the tragic events of September 11 validated requirements for ATA courses, advice, and equipment have greatly exceeded resources available, as has demand from partner nations.

This program has had an enormous impact on the CT abilities of partner nations. These programs provide the operational and tactical capabilities needed to confront and defeat terrorists. In many countries, ATA-trained officials play key roles in local, regional, and global CT efforts. For example, key investigators of the bombing of the Marriott Hotel in Jakarta were products of ATA training and critical to tracking down and arresting many of those involved, thus preventing those detained from conducting further attacks. For many countries, ATA is the primary U.S. source for sophisticated CT equipment, including for SWAT teams and to cope with a WMD attack.

Graduates of ATA training have experienced remarkable success in their application of newly acquired antiterrorism skills. In October, Pakistani students from the newly formed CT unit were called upon to initiate a sensitive investigation following the assassination of a top political figure. With two weeks of class still remaining, the students conducted an exemplary investigation. In Afghanistan, two graduates defused a bomb located in a busy market two minutes before it was set to detonate. Two ATA alumni from the Thai Police led the investigation that resulted in the arrest of the JI terrorist known as "Hambali." In Jakarta, on graduation day, students of an ATA course were deployed to investigate the bombing at the Parliament building. They were again called into service to investigate the Marriott Hotel bombing. Their efforts are credited with a number of arrests in those bombings. In Turkey, ATA graduates have been deployed to assist with the investigation of the Istanbul bombings that have resulted in several arrests. In

Mali, two ATA graduates were key negotiators in the successful release of 14 European tourists captured by Islamic extremists. A newly appointed Chief of Police in Morocco credits his ATA training for many of the new security steps he has taken, including the recent arrest of 20 terrorists accused of planning an attack against the U.S. Embassy.

In FY 2005, \$128.3 million is requested to:

- Maintain the scope and volume of existing U.S.-based training capabilities;
- Initiate new in-country programs in participant nations critical to the United States;
- Add flexibility to the program to respond rapidly and effectively to priority requirements whenever and wherever they occur; and
- Expand the ability of partner nations to detect and thwart terrorists before they can act.

Ongoing Programs

- *Continuation of Domestic/Fly-Away Training Program* (\$73.4 million): For the domestically-based and instructional team “Fly-Away” (in country delivery) training programs in FY 2005, ATA will continue to augment the counterterrorism capabilities of the “southern crescent” countries of terrorism, which extend from East Asia through Central and South Asia to the Middle East and into particularly vulnerable African countries. Intelligence analysis identifies these priority countries as the highest current and potential threat areas. Funding also supports program management, including travel, translations, lease of training facilities and rented space, transportation of equipment, and various administrative expenses for ongoing, new, and expanded initiatives. Courses include such things as explosives ordnance disposal and countermeasures, anti-kidnapping, surveillance detection, VIP protection, investigations, major case management, weapons of mass destruction incidents, interdicting terrorist organizations, and cyber terrorism.
- *Pakistan Counterterrorism Units* (\$6 million): The FY 2005 program is a continuation of an effort to upgrade local and national level CT police institutions. The program focuses on building CT capacity principally in tactical operations and investigative areas. To maximize its impact, the training is distributed among the provinces, national police, and the Federal Investigative Agency’s Special Investigative Group (SIG). The FY 2005 budget will continue and expand upon training provided in the previous two fiscal years. To maximize and standardize investigative skills in Pakistan’s four provinces, ATA will provide 10-week courses of investigative instruction for each of the provincial police services. This will enable the provincial police to assist the SIG in the federal government’s CT program. In addition, ATA will also train one SWAT team in each province, and will provide an Explosive Incident Countermeasures course to a combined group of police officers from each of the four provinces. Finally, funds will continue the installation of the SIG secured IT network to include the five subordinate offices located in the capital and four provinces, along with providing three CT Cyber courses for an investigative unit.
- *Afghanistan Presidential Protection* (\$6 million): The United States has successfully trained an Afghan Presidential Protective Detail for President Karzai. This team is now being integrated into the Karzai Protection Detail. FY 2005 NADR/ATA funds are requested to transition from the basic formation of a detail to enabling a U.S. advisory role. ATA will continue to support the Afghan protective unit through training but will also add more management training and advanced protective courses, with an aim of making this program self-sustaining. We also expect to provide additional in-country CT training at Camp Watan, the ATA training facility in Kabul, in priority areas, probably to include investigating and penetrating terrorist organizations, SWAT, and Explosive Incident Countermeasures (EIC).

- *Indonesia Counterterrorism Unit* (\$6 million): The FY 2005 ATA CT training program activity for Indonesia will build upon the training and full equipping to be completed in FY 2004 of two Crisis Response (SWAT) teams and one Explosives Incident Countermeasures (bomb) squad. The goal remains to develop an adequately sized and highly proficient CT capability for this crucial front-line state. In FY 2005, ATA will provide the new Indonesian national CT unit that is the primary recipient of this assistance with additional SWAT, investigative and bomb squad training and related equipment to ensure there is sufficient regionally deployed capability in these functions. To reach our goal, in FY 2006 ATA will work to integrate these functions with the CT Intelligence and other CT-related training offered by Australia and other donor nations. Additionally, capstone tactical and operational planning exercises will be conducted to further enhance CT capability.
- *Mobile Antiterrorism Training Teams (MATT)* (\$9 million): Since the attacks of September 11, 2001, ATA programs have focused on many participant nations that are facing the problems of limited security personnel and high internal threats. In a number of instances, partner nations have been compelled to cancel training or recall their student delegations early to respond to crises at home. To address this critical problem, ATA developed the Mobile Antiterrorism Training Teams (MATT) concept as a means to rapidly deliver in-country training in critical security skills, such as VIP protection, bomb squad operations, and SWAT. The program will launch in FY 2004. The FY 2005 program will maintain the capacity to respond to approximately 18 major short-notice training activities annually. The flexibility offered by this program is crucial as we prosecute the GWOT in a changing and highly stressed environment.

New In-Country Training Programs

- *Colombia* (\$3.92 million): This program is aimed at training 28 anti-kidnapping (GAULA) units to expand Colombia's ability to combat kidnapping, a key tactic in the Colombian terrorists' arsenal. In FY 2005, ATA will conduct an on-site review of the anti-kidnapping training and equipment assistance conducted in FY 2003 and FY 2004 to measure program effectiveness. In addition, to ensure that the Colombians are able to maintain proficiency in these skills, ATA will conduct a Train-the-Trainer course. To complete the program, ATA will assist with the establishment of a Joint Task Force to coordinate anti-kidnapping operations nationally, and will enhance its command and control structure by providing the Joint Task Force with computers and communications equipment. Finally, ATA will conduct a joint anti-kidnapping exercise to encourage Colombian interagency cooperation and demonstrate operational effectiveness.
- *Malaysia Counterterrorism Center* (\$870,000): The Government of Malaysia (GOM) has established a regional CT center to promote national and regional CT capabilities. The GOM has requested the United States and other countries with advanced CT skills provide training opportunities for the center and to help it grow into an effective regional resource. In view of its potential role in building both capacity and political will, the United States has agreed to provide training. First year costs will include a regional needs assessment to determine what courses will be delivered. The focus will be to foster regional CT cooperation and capability. The establishment of this center achieves the major U.S. goal of enhancing regional CT capacity.
- *Kenyan Antiterrorism Police Unit* (\$4 million): ATA will train an elite Kenyan Antiterrorism Police Unit (ATPU) designed to investigate terrorist threats and respond to terrorist incidents. This is a long-term project, currently estimated at over 20 months in length, and will result in an institutionalized CT capability. The FY 2005 request supports follow-on requirements for the program initiated in late

FY 2003 as part of the East Africa Counterterrorism Initiative. FY 2005 training will provide more advanced courses, such as train-the-trainer activity and others aimed at eventual sustainment. The ATPU will give this critical front line state a greatly enhanced capability to locate and confront terrorist networks that have plagued Kenya for a number of years.

- *Philippines Counterterrorism Unit* (\$2 million): The Philippines is a key partner in the GWOT and faces a host of indigenous and regional terrorist groups that have targeted and killed Americans. The Government of the Republic of the Philippines (GRP) requires an intensive training program to give its police a more effective and sustainable CT capacity, including proactive police intelligence, SWAT training, incident investigation, and EIC training. The FY 2005 request will begin to fulfill commitments that were identified as CT priorities during the President's October 2003 visit to Manila. The necessity for a trained CT unit has been demonstrated repeatedly, most recently in November 2003 when terrorist armed with weapons and explosives took over the control tower of the Manila airport. This program, which will focus on developing the police capacity to prevent, confront, and investigate terrorist activity, will complement current DOD efforts to train Philippine military forces.
- *Tri-border Initiative* (\$1 million): The Triborder region of Brazil, Paraguay, and Argentina has long been the focal point for Islamic extremism and terrorist fundraising in Latin America. The Department of State used \$1 million in FY 2002 Supplemental funds to conduct needs assessments in those countries and began to bridge gaps in their information sharing processes regarding persons suspected of involvement in international terror groups. The "3+1" Triborder Area CT Initiative (Brazil, Paraguay, Argentina, plus the U.S.) thus was born with strong regional support, and provides the USG with an excellent mechanism for channeling counterterrorism assistance programs to the region. Uruguay and Chile now want to join in the new mechanism for cooperation. Funding is needed in FY 2005 to provide training that will implement capacity building measures identified in the assessments, including investigating terrorist networks and EIC.
- *New Curriculum and Course Activities* (\$ 8.6 million): ATA will develop several new courses to meet evolving terrorist threats and critical training needs, including advanced investigations, woodland border patrolling, advanced EIC, and WMD courses.
 1. The Advanced Interdicting Terrorist Organizations Course will teach police managers how to develop and use police intelligence and investigative means to identify terrorist networks and investigate and build legal cases against key members of those networks. Its goal is to proactively destroy networks before they can commit terrorist acts. This course will build on skills transferred to key police forces through the Interdicting Terrorist Organizations course and will be complemented by a consultations program that offers further assistance in operationalizing the concepts taught.
 2. The Border Patrol Operations (Woodland) Course will focus on tactical aspects of rural patrolling necessary to protect remote international boundaries from terrorist incursion. The basis for the course will be rural police patrol planning, individual and team skills, field craft, and the conduct of rural patrols, both in vehicles and on foot. Subjects will include tracking, tactical movement and maneuver, suspect contact tactics and procedures, and intervention, search, and arrest procedures.
 3. The Advanced Explosive Incident Countermeasures Course (AEIC) will be designed for graduates of the basic EIC course. The course curriculum will include refresher information on blast and fragmentation safe distances, explosive management, transportation, stowage, handling, and x-ray interpretation. Advanced course information will include pyrotechnics and explosives disposal, advanced x-ray interpretation and diagnostics, advanced explosive access and disablement, advanced hand entry techniques and tools, and the use of infrared fiberscopes.

4. The WMD Train-the-Trainer Course will give advanced training to key participants identified during the initial WMD Operations training as candidates to develop and deliver on-going training to sustain the program in their respective countries. The course will be based on current WMD educational methodology and will include WMD/emergency response-specific subject.
 5. The Incident Commander Course covers incident management systems, response strategy and tactics, planning, operations and interagency coordination in mass casualty situations. The course also introduces advanced considerations based upon the topics currently taught in the WMD Awareness Seminar. Based on extensive student feedback in the WMD Seminars, this subject will now be covered as a separate course topic.
- *Equipment Grants* (\$6 million): “Enabling” equipment grants ensure the successful transfer of knowledge and skills gained in the classroom to the operational environment. These grants support the entire ATA program, and include the very same equipment with which the student delegations receive their training. Without the associated equipment grants, the training activities would often amount to mostly academic exercises with little real world increase in counterterrorism capabilities. The program is being initiated in FY 2004. In FY 2005, funds are needed to sustain the equipment program and to meet increased training-related demands.
 - *ATA Alumni Information and Coordination Computer-Based Network* (\$500,000): The relationships formed through ATA training with foreign security personnel should not end when a particular training course concludes, nor should the students’ learning process. This program will cultivate the individual relationships that evolve from ATA training, both to support a worldwide CT network and improve U.S. access and influence among security professionals. The ATA Alumni Network will also act as a vehicle to exchange information, communicate with graduates, and develop professional relationships among foreign alumni and U.S. instructors and policy makers. This will be accomplished by the development of a web site with information pertaining to all of the ATA activities and courses, an interactive bulletin board, and an email list of all graduates. It will also have links to official U.S. agency sites and other informational sites. The site will feature articles of interest, newsletters, instructional materials, and contact information. An alumni affairs director will coordinate activities and events.
 - *Senior Policy Engagement Workshop* (\$1 million): The Senior Counterterrorism Policy Workshops provide a unique opportunity to simultaneously expand bilateral cooperation with the U.S. (including enhancing interaction with U.S. embassies) and to improve the interagency process within the host government. Aimed at the strategic, policy level, these workshops are tailored to advance key CT goals and offers us an opportunity to jointly work through a set of concrete objectives with ministerial-level officials of partner nations. Focused on tabletop or other types of exercises, these workshops are operational in nature and are designed to improve the interoperability of U.S. crisis management techniques with those of our key partners. Although this is a minor budget item, it represents a crucial tool in strengthening the political will and ability of partner nations to cooperate effectively on CT issues.

Program Assessment Rating Tool (PART)/Performance Evaluation

For preparation of the FY 2005 budget, the Administration reevaluated the Department’s Anti-Terrorism Assistance Program using the Program Assessment Rating Tool (PART). In this second PART review, the program improved its rating from moderately effective to effective. The review found that the program purpose and design are clear and that the program is designed to have a significant impact on the need to build capacity of key countries abroad to fight terrorism. The review also found that focused, long-term performance planning is used to guide program

management, reflecting significant steps taken by program managers since the previous assessment to establish measurements gauging progress toward long-term goals. The assessment recommended managers fully implement the country rating system, and develop efficiency measures and incorporate into the PART for the FY 2006 budget. Both of these recommendations are currently being implemented. The PART evaluation was one factor used in the overall decision-making process for resources allocations.

Corresponding performance information (key goals and targets) for Anti-Terrorism Assistance can be found in the Performance Summary volume of the integrated performance budget presentation on pages 15, 61-64, and 277.

Key Indicators: (1) Number of ATA Courses Provided to Priority States and the Number of Program Reviews that are Conducted Not Later Than 18 Months After the Training; and (2) Number of Countries in Which a Quantifiable Needs Assessment and Program Review Rating System for Measuring Counterterrorism Capacity is Implemented.

Anti-terrorism Assistance
(\$ in thousands)

	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
Training			
Afghanistan	1,438	7,138	6,000
Afghanistan - ERF	-	10,000	-
Afghanistan - SUP	25,000	35,000	-
Africa	5,690	12,233	16,167
Colombia	3,279	-	3,920
East Asia and the Pacific	1,820	7,929	6,636
Europe and Eurasia	22,330	22,024	19,603
Indonesia	1,008	5,755	6,000
Kenya	622	-	4,000
Malaysia	1,267	-	870
Mobile Antiterrorism Training Team (MATT)	-	5,585	9,000
Near East Asia	11,815	14,005	18,479
Pakistan	517	3,645	6,000
Philippines	1,939	-	2,000
South Asia	5,386	4,280	6,281
Tri-Border Initiative	-	-	1,000
Western Hemisphere	299	2,604	244
WMD Preparedness Program	1,000	-	-
Subtotal - Training	83,410	130,198	106,200
Program Administration			
Alumni Network	-	-	500
Course Translations	-	2,964	-
New Course Development	4,627	2,354	8,600
Program Equipment	-	-	6,000
Program Management	2,601	5,912	6,000
Senior Policy Engagement Conferences	-	-	1,000
Subtotal - Program Administration	7,228	11,230	22,100
Total	90,638	141,428	128,300

Counterterrorism Financing

(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
NADR-CTF	-	-	7,500

Stemming the flow of funds to finance terrorist networks and their operations is a critical front in the global war on terrorism. U.S. counterterrorism finance assistance programs are aimed at building comprehensive regimes in frontline states to combat money laundering and terrorist financing, domestically and internationally. These programs develop the legal, judicial, financial regulatory, financial intelligence, and law enforcement capabilities of foreign governments to detect, dismantle, and deter terrorist financing networks and thwart terrorist acts.

U.S. training and technical assistance to combat terrorist financing will be expanded to provide six additional countries to the current list of 19 states deemed most vulnerable to terrorist financing in Africa, Southeast Asia, South Asia, Latin America, the Middle East, and Europe. This program began with a \$10 million appropriation in the FY 2002 Emergency Supplemental, built upon the anti-money laundering programs managed by the State Department's Bureau for International Narcotics and Law Enforcement Affairs, and has had significant impact in several frontline states. In Indonesia, U.S. assistance directly accelerated the development of the financial intelligence unit, assisted Indonesia in amending its anti-money laundering law to meet international standards and avoid Financial Action Task Force (FATF) countermeasures, and contributed to the financial investigations of the Bali bombings. In Paraguay, U.S. interagency efforts have assisted that government in creating a specialized cadre of counterterrorism finance specialists and in the successful prosecution of a Hezbollah terrorist financier.

In FY 2005, \$5 million of the \$7.5 million request will fund assistance programs across the five core necessary competencies for an effective counterterrorism finance regime: legal framework, financial regulatory supervision, financial intelligence units (FIU's), law enforcement, and judicial process. These training programs will be conducted on a bilateral and multilateral basis, in the United States or in the host country, depending on the needs of each country.

- To establish the legal framework, the United States will assist host governments to draft, amend, and enact the legal measures necessary to criminalize terrorist financing and money laundering and provide the necessary authorities to prosecute financial crimes.
- On the financial regulatory front, the United States will continue to train bank examiners and financial regulators on methods to detect money laundering and terrorist financing and share "best practices" with financial regulators and private financial institutions, considered the frontline of the war against terrorist financing.
- To reinforce FIU capabilities, the United States will provide advanced training courses for FIU personnel to collect, analyze, and disseminate suspicious transaction reports and identify appropriate IT solutions to make FIU's more efficient.
- For financial crime investigations, the United States will continue to train law enforcement authorities on the most effective methods to investigate terrorist financing and money laundering crimes.
- To ensure that terrorist financiers are brought to justice, the United States will provide training to host government prosecutors, judges, and magistrates on case development and techniques to successfully prosecute terrorist financing crimes and to block and forfeit their assets.

- The remaining \$2.5 million will support five resident advisors in the legal, law enforcement, or financial intelligence unit fields assigned to countries requiring more “hands on” counterterrorism finance assistance. The average cost of a resident advisor through the U.S. Embassy to serve in a particular country is \$500,000 per annum, including salary, benefits, housing, transportation, translation services, ICASS and other administrative support costs, as well as the costs associated with an administrative or legal assistant.

CT Engagement w/Allies
(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
NADR-CTE	-	-	500

The Department of State is the lead agency in the U.S. Government (USG) for international Counterterrorism (CT) efforts and is charged with garnering and maintaining the political will needed by partner nations to take strong active measures against terrorists within their borders and in concert with the international community. The Department devotes considerable resources, both bilaterally and multilaterally with international and regional organizations, to induce foreign governments to cooperate as effectively as possible in the GWOT. The global cooperation elicited through this program of diplomatic engagement is essential to the success of our military, law enforcement, intelligence, financial, and public diplomacy activities in the GWOT.

To accomplish our goal of creating an effective international CT coalition, The Department's Coordinator for Counterterrorism will deal with each country individually and tailor U.S. interaction and strategy to the country's potential value in the GWOT. In FY 2005, program funds will support numerous bilateral engagements at which we will advance concrete CT goals across the board with our partners. These meetings cover the gamut of U.S. CT interests and include representatives, as appropriate, from other USG agencies. To strengthen regional cooperation, funds will also support several conferences to bring together high-level CT and security officials in key regions. These conferences allow the United States to communicate U.S. CT policy and global and regional goals to all relevant officials, in an efficient, effective and highly visible way. Other USG agencies participate to facilitate accomplishment of the full array of CT goals. These conferences, which usually run two days, also provide a venue to discuss regional problems and promote regional cooperation and solutions.

These meetings are force multipliers that enhance bilateral cooperation both with the United States and each of our partners and among our partners themselves. The United States cannot win the GWOT alone. Global and regional cooperation is required. CT Engagement conferences are a key part of our efforts to create coalitions that identify, deter, apprehend, and prosecute terrorists.

Terrorist Interdiction Program

(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
NADR-TIP	5,000	4,971	5,000

The Terrorist Interdiction Program (TIP) serves to enhance the security of Americans both at home and abroad by strengthening international cooperation in the fight against terrorism and assisting participating nations with securing their borders. TIP strives to significantly impact terrorists' freedom of movement between countries by providing participating nations with a computer network enabling immigration and border control officials to quickly identify suspect persons attempting to enter or leave the country. TIP also provides participating nations with increased capability to collect, compare, and analyze traveler data and contribute to the global effort to understand terrorist methods and track their movements.

Terrorists are known to take advantage of nations with little or no effective capability to identify or track their passage, and which therefore pose little risk of apprehension. By providing a fast, secure and reliable means to gather information on every person entering or leaving through national ports of entry, and the means to instantly check each person's identity against a current terrorist watchlist, TIP provides the potential to dramatically complicate and/or disrupt terrorist planning and execution. Instead of being able to confidently pass through immigration points possessing little or no effective means of control or inspection, terror suspects are now forced to choose between a very high risk of discovery at TIP operating locations, or changing their plans.

TIP funds support the installation and maintenance of the Personal Identification Secure Comparison and Evaluation System (PISCES) at selected air, land and sea points of entry in participating nations. PISCES workstations installed throughout a country are linked by wide area network to the participating nation's immigration, police or intelligence headquarters. The headquarters is provided with the automated capability to monitor activities at immigration points, evaluate traveler information and conduct real time data analysis.

TIP provides all necessary hardware and software, full installation, operator training, and system sustainment. Additionally, TIP assists with immigration business process improvement at ports of entry chosen for PISCES installation.

TIP provides the structure and methodology for meaningful counterterrorism cooperation between the United States and the participating nation. Host nation and USG elements can identify trends and patterns, track suspicious individuals, collect evidentiary data, and link information in post-event analysis. For FY 2005, the Department will install the TIP PISCES system in as many as 5-6 new countries in the Middle East and Africa and/or expand the program to additional sites in some of the more than 20 countries expected to employ the system by 2005. An interagency assessment has identified 60 countries where installation of the TIP PISCES system would significantly help achieve USG counterterrorism objectives.

Program Assessment Rating Tool (PART)/Performance Evaluation

For preparation of the FY 2005 budget, the Administration evaluated the Department's Terrorist Interdiction Program using the Program Assessment Rating Tool (PART). In its first PART review, the program was rated Results Not Demonstrated. The assessment found the program purpose and design to be clear and focused on addressing a specific need, providing foreign governments with the Personal Identification Secure Comparison and Evaluation System (PISCES) that enables border control officials to quickly identify and detain or track suspect persons seeking to cross their borders

and collect, compare, and analyze traveler data. The assessment found that the program needs to improve its long-term performance measures and strengthen its program management staff. Program staff are currently being sought, long-term measures and efficiency measures have been created. The PART evaluation was a factor used in the overall process of decision-making for resources allocation. Other assessment recommendations, including the need to improve program performance reporting from the field, will be addressed within budgetary limitations.

Corresponding performance information (key goals and targets) for the Terrorist Interdiction Program can be found in the Performance Summary volume of the integrated performance budget presentation on pages 19, 62, 64, and 283-284.

Key Indicators: (1) Number of Terrorist Interdiction Program (TIP) Installations at Immigration Points and Number of Immigration Officials Trained to Use TIP, and (2) TIP Installations Completed as a factor of Yearly Appropriations.

Humanitarian Demining Program

(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
NADR-HD	46,000	49,705	59,900
NADR-HD-SUP	3,000	-	-

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. Administered by the Office of Weapons Removal and Abatement, the humanitarian demining program comprises an integral part of the Department's comprehensive post-conflict strategy. Program objectives are to reduce civilian casualties, create conditions for the safe return of refugees and internally displaced persons (IDPs) to their homes, and increase the stability of affected countries by restoring agricultural land and infrastructure. The United States furthers these objectives by supporting landmine surveys, mine and UXO clearance and mine risk education, and by helping to develop indigenous mine action capabilities in mine-affected nations.

The FY 2005 request for \$59.9 million demonstrates a continued USG commitment to foster a world that is safe from landmines. Since 1993, the United States has contributed more than \$700 million of Department of State, Department of Defense and U.S. Agency for International Development resources to support mine action activities in over 40 countries. NADR Humanitarian Demining Program funding is being requested for 13 country programs and a variety of multi-nation mine action initiatives. Funds will be provided to commercial firms, international organizations, and non-governmental organizations via contracts and grants and will be used to support mine clearance operations, to purchase mine detection and clearance equipment and supplies, to facilitate training for mine action and/or to provide mine risk education and instructional materials based on country need. Additional funds for mine action are being requested and justified under the NADR International Trust Fund section.

The humanitarian demining program has achieved a number of successes. For example:

- **Afghanistan:** Following the start of the campaign against terrorism, the U.S. Government, working closely with the United Nations, recommenced mine action support to meet priority needs and to rebuild mine action capability. Between January and September 2003, activities sponsored by NADR/HDP funds, in conjunction with the international community, cleared 45,760,555 square meters of high priority land.
- **Azerbaijan:** In FY 2000, the USG began supporting the Azerbaijan Agency for National Mine Action (ANAMA). ANAMA is rapidly developing into an integrated mine action center, including mine detection dog teams and mine risk education activities. In 2003, 448,482 square meters of land were cleared with USG support.
- **Cambodia:** The Cambodia Mine Action Center has a fully trained staff of over 2,000 Cambodians. From 1992 to December 2002, they cleared some 102,000,000 square meters of land, destroyed over 171,000 landmines and over 715,000 pieces of UXO.
- **Nicaragua:** To date, 70% of Nicaraguan registered mines have been cleared (registered mines comprise the majority of the country's mine problem). Current projections anticipate that Nicaragua will be able to declare itself mine-safe in 2005.

- Chad: With limited resources, Chad is making steady progress towards mine-safe status. Following a national strategic plan that will allow it to demine all known sites by 2010, the Chadian High Commission for Demining coordinated the clearance of 3,365,503 square meters of land between September 2000, when it began operations, and December 2002.
- Quick Reaction Demining Force (QRDF): In FY 2003, the QRDF was one of the first humanitarian operations on the ground in Iraq. The QRDF cleared approximately 1,200,000 square meters of land in Iraq between May and August of 2003. In addition, QRDF also deployed to Sri Lanka, opening safe passage ways for returnees, while indigenous forces were being trained.

Country Programs

The FY 2005 request will sustain and expand existing U.S. demining efforts in those countries most severely affected by landmines (Afghanistan, Angola, Cambodia, Laos, and Vietnam). It will also permit expansion into additional landmine-affected countries, such as Sudan in order to help protect victims of war and to build upon peace efforts. Provision of specific assistance is based on a careful assessment of both the socio-economic impact of landmines in a particular nation and on the overall Department's Strategic Objectives and Goals as set forth in the USAID/DoS Strategic Planning Framework. 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.

Surveys, Crosscutting Initiatives, and Research & Training

Demining funds are also requested to support multi-country activities carried out under the program lines identified as follows:

- Landmine Surveys: Surveys are an important step in the development of each country's mine action plan. The international community relies increasingly on survey results to determine funding priorities, establish measures of performance and effect sound management plans. Funds will be used to support preliminary assessments, ongoing landmine surveys, and efforts to fully integrate survey data into national plans and management structures.
- Crosscutting Initiatives: These funds will support the QRDF and an Emergency Contingency Fund that will allow for a critical crisis response worldwide; programs that increase data and information exchange among the global demining community; and Survivors' Assistance initiatives, which is a new NADR focus.
- Research & Training: These funds will support non-technical research on mine action issues such as research into the conditions under which mine detection dogs are most useful and training to develop indigenous mine action capacity, including management training for senior and mid-level managers of national mine action staff.

Administrative Expenses

Administrative expense funding supports travel, supplies, utilities and contractual support, particularly for computer operations, on behalf of the organization administering the humanitarian demining program. Frequent travel is essential to provide aggressive program oversight and ensure the efficient and effective use of mine action funds.

Program Assessment Rating Tool (PART)/Performance Evaluation

For preparation of the FY 2005 budget, the Administration evaluated the Department's Humanitarian Demining Program (HDP) using the Program Assessment Rating Tool (PART). The program and was rated as effective. The program makes a unique contribution in providing mine risk education and mine clearance training and assistance with the goal of helping foreign mine-affected nations develop indigenous mine action capabilities. The PART review noted program goals targeting percentage reduction of landmine casualties and hectares of land returned to productive use in mine-affected countries are measurable and demonstrate progress. Further, individual country plans are developed and updated annually, and the program manager uses these country plans to measure and assess progress. The PART assessment also notes that the HDP program office acted proactively to address allegations of mismanagement by hiring an independent contractor to review management practices, and that a follow-on review by the Department's OIG in 2003 found that by and large the allegations were misleading and inaccurate. The PART review determined, however, that HDP annual goals could be improved to better indicate progress toward to the long-term target that measures the number of countries achieving an indigenous mine action capacity with little external funding support. The Department is committed to continued support for an expanded HDP and to working to further refine performance measures, including reviewing the relationship between annual and long-term goals as necessary for the FY 2006 budget. The creation of efficiency measures serves as an additional performance measurement mechanism tracked for the FY 2006 budget. These PART findings were one factor used in the overall decision-making process for resources allocations.

Corresponding performance information (key goals and targets) for the Humanitarian Demining Program can be found in the Performance Summary volume of the integrated performance budget presentation on pages 23, 216 and 288.

Key Indicators: (1) Square meters of land cleared in U.S. program countries (2) Number of U.S. program countries in sustainment or no longer having mines.

Humanitarian Demining Program
(\$ in thousands)

	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
Africa			
Angola	3,500	5,300	5,300
Chad	500	650	1,000
Djibouti	350	-	-
Eritrea	2,400	1,300	-
Ethiopia	300	-	-
Guinea-Bissau	225	-	-
Mozambique	2,632	1,372	1,600
Namibia	600	-	-
Rwanda	375	-	-
Somalia	450	-	-
Sudan	896	1,000	1,800
Zambia	450	-	-
Subtotal - Africa	12,678	9,622	9,700
East Asia and the Pacific			
Cambodia	2,765	3,038	3,300
Laos	1,200	1,412	2,500
Vietnam	2,427	2,076	2,600
Subtotal - East Asia and the Pacific	6,392	6,526	8,400
Europe and Eurasia			
Armenia	250	-	-
Azerbaijan	1,600	2,468	1,000
Estonia	235	-	-
Georgia	1,050	1,500	3,000
Subtotal - Europe and Eurasia	3,135	3,968	4,000
Near East			
Iraq	2,950	-	-
Jordan	893	950	-
Lebanon	1,475	1,250	2,300
Yemen	750	773	-
Subtotal - Near East	6,068	2,973	2,300
South Asia			
Afghanistan	5,300	11,400	10,200
Afghanistan SUP	3,000	-	-
Sri Lanka	2,400	1,775	1,800
Subtotal - South Asia	10,700	13,175	12,000

Humanitarian Demining Program
(\$ in thousands)

	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
Western Hemisphere			
OAS Demining	1,511	2,536	3,500
Subtotal - Western Hemisphere	1,511	2,536	3,500
Global			
Demining Mine Surveys	1,217	1,500	3,000
Demining Administrative Expenses	675	690	900
Demining Crosscutting Initiatives	5,324	4,690	7,000
Demining New Country Programs	-	2,500	6,100
Demining Research and Training	1,300	1,525	3,000
Subtotal - Global	8,516	10,905	20,000
Total	49,000	49,705	59,900

International Trust Fund

(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
NADR-ITF	10,000	9,941	10,000

The program supporting 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 (UXO). U.S. contributions to the ITF foster regional stability through mine action projects.

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 provides financial support for over two-thirds of all demining operations being conducted in the region. Due to its success in the Balkans, the ITF Managing Board decided to expand its humanitarian assistance to include the Caucasus. Among ITF's successes are:

- Lowered costs of demining per square meter in Bosnia and Herzegovina and Croatia from \$1.80 to \$1.39, and \$1.86 to \$1.19, respectively, since 1999.
- Facilitated the clearance of 41,765,058 square meters of land in five Balkan countries from 1999 to December 2003.
- Advances in regional cooperation through its work as a founding member of the South East Europe Mine Action Coordination Council (SEEMAC).
- Mine victims' assistance programs through the Slovenian Rehabilitation Institute and the Rehabilitation Centers in Bosnia and Herzegovina.

In May 1998, Congress appropriated \$28 million for the ITF to assist mine-affected countries in the Balkan region. Since then, the U.S. has contributed more than \$52 million in matching and unilateral contributions to support mine action in the Balkans and the Caucasus. These funds have been provided to the ITF to match other donor contributions, thus effectively doubling funding for the ITF's projects.

The FY 2005 request for \$10 million will continue matching dollar-for-dollar the contributions of other international donors. In 2003, the ITF operated in Albania, Bosnia and Herzegovina, Croatia, Serbia and Montenegro, and Macedonia, coordinating a broad range of mine action activities. While USG funding (and ITF operations) will continue to focus on the Balkans, a small portion of the requested funding may be used for new activities in other regions, such as the Caucasus.

Small Arms/Light Weapons Destruction

(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
NADR-SALW	3,000	2,982	9,000

Cold War-era surpluses of small arms and light weapons (SA/LW) in Eastern Europe, Latin America, Africa, and Southeast Asia and other parts of the world—often poorly secured and susceptible to theft or illicit transfer—have become a major source of arms on the global black market. The Small Arms/Light Weapons Destruction Program seeks to destroy surplus and illicit stocks of military SA/LW and associated ammunition, as well as to assist states to properly secure remaining SA/LW stocks required for legitimate defense needs so that they will not leak into the black market. The program supports U.S. national interests in promoting regional stability, minimizing threats to civilian populations, combating terrorism and crime, rebuilding post-conflict societies, and protecting U.S. and allied forces deployed overseas. 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.

If not expeditiously destroyed or secured, stocks of arms and ammunition left over after the cessation of hostilities frequently re-circulate into neighboring regions, exacerbating conflict and crime. Given that destruction and select improvements to storage facilities are relatively inexpensive and can generally be accomplished using locally available infrastructure and personnel, the program offers large dividends in threat reduction for a modest investment and complements the war on terrorism.

The small arms/light weapons program has had a number of successes, including:

- Commitments from seven countries to destroy approximately 10,000 man-portable air defense systems (MANPADS). Over 2,600 were destroyed in 2003.
- After the completion of projects using FY 2003 funds, the SA/LW Destruction Program will have supported the destruction of approximately 700,000 SA/LW and over 77 million rounds of ammunition in 13 countries since the program's inception in FY 2001.

The FY 2005 request will sustain and expand existing SA/LW programs in countries with significant excess weapons stock (Bosnia, Colombia, Nicaragua, Serbia and Montenegro, and Ukraine). It will also permit expansion into other countries where surplus stocks are a concern, including Belarus, Kazakhstan, and Tanzania.

In addition to anticipated requirements for the established SA/LW destruction programs, the additional funds will support MANPADS elimination and unforeseen SA/LW destruction needs. After the attack on a civilian airliner in Mombasa, Kenya in November 2002, efforts to counter MANPADS proliferation through the elimination of excess or illicit stocks became a priority of the U.S. Government—a priority that has been reinforced by the 2003 FBI sting operation in Newark and attacks on aircraft in Iraq. Second, as the program has matured since its inception in 2001, a requirement for a rapid response capability to meet urgent/unforeseen SA/LW destruction needs has emerged. A recent example is Liberia, where reprogrammed FY 2003 funds were used to support weapons destruction as part of the demobilization, disarmament, and reintegration process in the wake of the August 18, 2003 Comprehensive Peace Agreement.

Small Arms/Light Weapons Destruction
(\$ in thousands)

	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
Africa			
Angola	500	-	-
Guinea	50	-	-
Liberia	200	100	-
Sao Tome and Principe	-	40	-
Tanzania	-	-	200
Subtotal - Africa	750	140	200
East Asia and the Pacific			
Cambodia	-	300	-
Philippines	155	-	-
Subtotal - East Asia and the Pacific	155	300	-
Europe and Eurasia			
Albania	350	-	-
Belarus	-	-	300
Bosnia and Herzegovina	-	500	400
Bulgaria	400	-	600
Kazakhstan	-	-	500
Romania	307	-	-
Serbia and Montenegro	988	80	800
Ukraine	-	1,062	1,500
Subtotal - Europe and Eurasia	2,045	1,642	4,100
Near East			
Yemen	-	-	1,500
Subtotal - Near East	-	-	1,500
South Asia			
Afghanistan	-	-	1,000
Afghanistan SUP	28,000	35,000	-
Pakistan	-	-	1,000
Sri Lanka	-	100	100
Subtotal - South Asia	28,000	35,100	2,100
Western Hemisphere			
Colombia	-	200	200
Ecuador	-	200	100
El Salvador	50	-	-
Nicaragua	-	300	300
Subtotal - Western Hemisphere	50	700	600

Small Arms/Light Weapons Destruction
(\$ in thousands)

	FY 2003	FY 2004	FY 2005
	Actual	Estimate	Request
Global			
New Country Programs	-	-	500
SA/LW Conference	-	100	-
Subtotal - Global	-	100	500
Total	31,000	37,982	9,000

Global HIV/AIDS Initiative

(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
GHAI	-	488,103	1,450,000

In his 2003 State of the Union Address, President Bush announced the President's Emergency Plan for AIDS Relief (the Emergency Plan) in a move to treat and care for millions of people overseas infected with or affected by HIV/AIDS, tuberculosis (TB), and malaria and to prevent the spread of the worldwide infectious disease pandemic.

The Emergency Plan commits \$15 billion over five years for this effort. This includes \$10 billion in new funding, of which \$1 billion is for U.S. contributions to the Global Fund to Fight AIDS, Tuberculosis and Malaria. The other \$5 billion comes from existing bilateral programs. The Global AIDS Coordinator reports directly to the Secretary of State and oversees all aspects of the U.S. Government's work under the Emergency Plan.

Funding will be ramped up over five years as recipient countries build the necessary human capital and infrastructure needed for long-term success and accountability. In FY 2005--the second year of the five-year plan--the Administration moves toward fulfilling its commitment by requesting a total of \$2.8 billion to address HIV/AIDS, TB, and malaria. This includes \$1.45 billion within the Global HIV/AIDS Initiative (GHAI) account, \$745 million for the U.S. Agency for International Development (USAID), and \$624 million for the Department of Health and Human Services (HHS).

The Emergency Plan reinforces U.S. global leadership in three key ways:

- Focusing significant new resources on the most afflicted countries, especially in Africa and the Caribbean (focus countries).
- Coordinating U.S. Government leadership and commitment to existing bilateral programs in more than 60 additional countries; and
- Amplifying the worldwide response to HIV/AIDS, tuberculosis and malaria through international partners, including the Global Fund to Fight AIDS, Tuberculosis and Malaria (the Global Fund).

The Emergency Plan for AIDS Relief has three specific objectives, summarized as the 2-7-10 goals, in the focus countries:

- Treating two million HIV-infected individuals.
- Preventing seven million new infections.
- Caring for ten million people infected with or affected by HIV/AIDS, including orphans and vulnerable children.

Global HIV/AIDS Initiative

A broad range of partners will implement activities with the requested \$1.45 billion in GHAI funds. These partners will include faith- and community-based organizations, other non-governmental organizations, and public-private partnerships.

To maintain accountability, final focus country allocations will be based on country performance in terms of results achieved with FY 2004 allocations, the new country strategic plans, and the extent to which

proposed activities contribute to achieving the Emergency Plan's 2-7-10 goals. Nonetheless, notional allocations for FY 2005 are provided below for the fourteen identified focus countries:

Botswana	34,700,000
Cote d'Ivoire	25,620,000
Ethiopia	78,690,000
Guyana	18,300,000
Haiti	40,260,000
Kenya	139,080,000
Mozambique	49,480,000
Namibia	42,090,000
Nigeria	108,970,000
Rwanda	64,050,000
South Africa	129,100,000
Tanzania	89,670,000
Uganda	159,210,000
Zambia	120,780,000
Total	\$1,100,000,000

The remaining \$350,000,000 will be allocated to centrally funded activities including procurement mechanisms for drugs and commodities, strategic information to ensure accountability, and a small reserve to supplement successful programs in June of 2005. The \$350 million also will fund projects in a fifteenth focus country as required by the recently passed FY 2004 Consolidated Appropriations Bill.

GHAI funds will be used for treatment, prevention, and care activities:

Treatment: Treatment will expand rapidly from a low base to address significant needs. For example, it is estimated that of the four million people in Africa who have a sufficiently advanced stage of AIDS to warrant antiretroviral (ARV) treatment, only 50,000 are receiving it. Recent developments have made widespread therapy for HIV possible. Major pharmaceutical companies have reduced the price of advanced ARV drugs, which can suppress the AIDS virus in infected people. In some instances, companies are providing drugs free of cost for a limited time. In addition, ARV treatment regimens have been greatly simplified.

A large portion of treatment activities will build on the President's Initiative to Prevent Mother to Child Transmission of HIV (MTCT). This will involve moving from short course therapy aimed at preventing transmission to full combination ARV treatment for women and their families. This more ambitious approach seeks to preserve the health of the mother, father and children. In FY 2004, the MTCT will be fully integrated into the Emergency Plan for AIDS Relief, and in FY 2005 it will be financed within the GHAI account.

Treatment activities will use a "network model" now seen in countries such as Uganda for ARV therapy. This involves a layered network of Central Medical Centers that support satellite centers and mobile units. The model will make use of existing facilities and ongoing programs established through the USAID, HHS, non-governmental organizations, faith-based groups, private-sector entities, and willing host country governments. The network model is implemented through:

- Central Medical Centers: national or regional referral centers staffed by physicians with expertise in HIV and infectious diseases, doctors in training, nurses, nurse practitioners, and laboratory

technicians. The centers will provide the highest level of care and will be capable of managing more complicated medical issues.

- **Primary Satellites:** independent medical centers with doctors, nurses, pharmacists, counselors, and medical technicians, who provide basic medical care, including the prescription of antiretroviral (ARV) treatment.
- **Secondary Satellites:** staffed by junior or rotating doctors with day-to-day care generally provided by nurses and nurse practitioners, medical technicians and counselors, who perform tests to diagnose HIV and other infectious diseases. Patients who are infected might be referred to Primary Satellites or Central Medical Centers for evaluation and initiation of ARV treatment. Routine evaluation and care, including filling prescriptions, occurs at these secondary satellite sites through standard protocols and prepared medication packs.
- **Rural Satellites and Mobile Units:** remotes sites staffed by rotating nurses with day-to-day care provided by community health aides and lay technicians, who are trained in standard clinical evaluations and distribution of medication pack refills.

Prevention: A wide variety of prevention activities will be supported under the Emergency Plan, including initiatives to change high-risk behavior and to prevent HIV transmission in healthcare settings. Prevention activities targeting the individual will follow the “ABC” model - Abstinence, Be faithful, or use Condoms, in that priority order. Uganda has demonstrated results in using the ABC approach, and adaptating Uganda's approach to local circumstances throughout the focus countries will be strongly encouraged.

ABC must be tailored to specific settings, including youth programs in and out of schools, workplace programs, and multi-media campaigns. Persons who seek voluntary counseling and testing for HIV and are found to be negative must be counseled in ABC so that they remain HIV-negative. In the setting of care for persons infected with HIV, there must be adequate counseling in ABC so that HIV-infected persons do not infect others. For ABC to be successful, leadership is necessary at the highest levels of host governments.

Prevention activities related to health care practices will include programs to ensure the safety of the blood supply and to promote safe medical injections. Such measures will help to prevent the spread of HIV/AIDS and other infectious diseases such as hepatitis.

Care: Activities will include caring for HIV-infected persons who do not require antiretroviral therapy but need the treatment of infections and management of symptoms. Care also requires pain management, nutritional supplements, and psychosocial support. Care of this sort often will be home-based or hospice-based.

Care also involves the support of those affected by HIV/AIDS, in particular, orphans and vulnerable children who may not be infected with HIV. Support for orphans and vulnerable children will be aimed at improving the lives of children and families affected by HIV/AIDS. The emphasis will be on strengthening communities and families to meet the needs of vulnerable children by training caregivers, increasing access to education, offering economic support, and providing food and nutrition support.

Administrative Expenses: The GHAI request includes funding for the administrative expenses of the Office of the Global AIDS Coordinator in the amount of \$8,818,000. This is up slightly from the FY 2004 level as a result of increases in staffing and travel.

The Global Fund to Fight AIDS, Tuberculosis, and Malaria (the Global Fund)

The Administration requests \$200 million for a FY 2005 contribution to the Global Fund, with half from USAID's Child Survival and Health account and half from HHS/NIH. Such funding will allow the United States to build on its leadership since the 2002 establishment of the Global Fund. Since making the first pledge to the Global Fund, the United States has been the largest donor in terms of both the amounts pledged and the amounts actually deposited with the Fund.

The Geneva-based organization is a financial instrument, and its funding is provided without technical assistance. The Global Fund aims to pursue a balanced approach covering prevention, treatment, care and support in addressing the three diseases. Resources are disbursed on the basis of proposals evaluated through independent review processes based on the most appropriate scientific and technical standards that take into account local realities and priorities.

U.S. priorities for the Global Fund include ensuring that grants are improving the health of the people receiving services, building strong monitoring and evaluation procedures for projects, and increasing the involvement of the private sector at all levels.

DEPARTMENT OF THE TREASURY

Treasury Technical Assistance
Debt Restructuring

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Treasury Technical Assistance

(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
TTA	12,980	18,888	17,500

The FY 2005 request for Treasury International Affairs Technical Assistance is \$17.5 million. The program provides financial advisors to countries seeking assistance in implementing significant economic reforms, especially during crucial periods of transition to market-based economies. The program supports economic policy and financial management reforms, focusing on the functional areas of budget, taxation, government debt, financial institutions, and financial crimes law enforcement. In FY 2005, \$8.5 million of these funds will be used by Treasury Technical Assistance to fund resident and short-term advisor projects to countries combating terrorist finance activity. A large portion of these funds will be used for assistance programs in sub-Saharan Africa, supporting economic and financial reforms in countries receiving HIPC debt relief and other areas of emphasis.

Debt Restructuring

(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
DR	-	94,440	200,000

The FY 2005 request provides an additional \$75 million for the Heavily Indebted Poor Countries (HIPC) Trust Fund. These funds will complete the U.S. pledge of \$150 million made following the President's commitment at the G-8 Summit in Kananaskis, Canada to contribute the United States' share to filling the projected HIPC Trust Fund financing gap. In addition, the request provides \$105 million to fund a portion of the U.S. bilateral debt reduction costs for the Democratic Republic of the Congo under the HIPC initiative. The request also provides \$20 million for the Treasury Debt Restructuring account for debt-for-tropical forest programs under the Tropical Forest Conservation Act (TFCA).

COMPLEX FOREIGN CONTINGENCIES

U.S. Emergency Fund for Complex Foreign Crises

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U.S. Emergency Fund for Complex Foreign Crises

(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
CFC	-	-	100,000

This funding is requested to allow the President to respond quickly and effectively to or prevent unforeseen complex foreign crises by providing resources that can be drawn upon at the onset of a crisis. Similar to FY 2004 emergency supplemental funding provided for Liberia and Sudan, these funds will be used to finance a range of foreign assistance activities, including support for peace and humanitarian operations to prevent or respond to foreign territorial disputes, armed ethnic and civil conflicts that pose threats to regional and international peace, and acts of ethnic cleansing, mass killing or genocide.

These funds will not be used to provide assistance in response to natural disasters because existing contingency funding is available for that purpose. Use of this appropriation will require a determination by the President that a complex emergency exists and that it is in the national interest to furnish assistance in response.

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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 2003 Actual	FY 2004 Estimate	FY 2005 Request
IMET	79,480	91,159	89,730

The International Military Education and Training (IMET) program is an instrument of U.S. national security and foreign policy and a key component of U.S. security assistance that provides training on a grant basis to students from allied and friendly nations. In addition to improving defense capabilities, IMET facilitates the development of important professional and personal relationships which have proven to provide U.S. access and influence in a critical sector of society that often plays a pivotal role in supporting, or transitioning to, democratic governments.

The objectives of the IMET program are to:

- Further the goal of regional stability through effective, mutually beneficial military-to-military relations that culminate in increased understanding and defense cooperation between the U.S. and foreign countries.
- Provide training that augments the capabilities of participant nations' military forces to support combined operations and interoperability with U.S. forces.
- Expose foreign military and civilian personnel to the important roles democratic values and internationally recognized human rights can play in governance and military operations.

Training provided under the IMET program is professional and non-political, exposing foreign students to U.S. professional military organizations and procedures and the manner in which military organizations function under civilian control. IMET's mandatory English language proficiency requirement establishes an essential baseline of communication skills necessary for students to attend courses. The IMET program also exposes students to military justice systems and procedures and promotes the development of strong civil-military relations by showing key military and civilian leaders how to overcome barriers that can exist between armed forces, civilian officials and legislators. In addition, IMET has a positive effect on participants and recipient countries beyond actual training. Exposure to American values, quality instruction and the professionalism of the U.S. military play an important role in the IMET program. Finally, military cooperation is strengthened as foreign militaries improve their knowledge of U.S. military doctrine, strategic planning processes 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.

The IMET program supports regional stability and promotes democracy in the following ways:

- In Africa, enhancing military relationships and educating future leaders are vital elements of our overall strategy to help build and sustain African institutions on the path to development. IMET programs in the region promote democratization and increase African will to provide support in the war on terrorism, engage in peacekeeping operations and perform civic action.
- IMET in the Asia-Pacific region contributes to overall regional stability, strengthens military-to-military ties and exposes civilian and military participants to our doctrine, military capabilities and democratic way of life. IMET objectives for the region are to encourage effective, positive defense relationships, support the development of more professional militaries, contribute to improved civil-

military relations, enhance regional stability and promote human rights. Malaysia, the Philippines and Thailand, the three largest IMET recipients in the region, are all key partners in the war on terrorism.

- In Europe and Eurasia, IMET is a key tool for promoting U.S. regional strategy, emphasizing activities such as English language training, military professionalism, force interoperability and preparation of peacekeeping units for operation in the global arena. The benefits of IMET training with countries working closely in the war on terrorism already have been evident, reflected in smooth collaboration with a growing number of countries. IMET training, particularly in areas that emphasize rule of law and civil-military relations, is particularly important for countries with which we seek to expand our cooperation, such as Kazakhstan, Uzbekistan, the Kyrgyz Republic, Tajikistan and Turkmenistan, where advancing reform in the area of human rights is a key U.S. objective.
- In the Near East region, increased levels of funding reflect the requirements of individual countries and their capacity to absorb additional training as part of their efforts to help support our global counter-terrorism efforts. Military-to-military contacts afforded by the IMET program are particularly important in this region, paying dividends far into the future as students rise up the military and political ranks of their respective countries.
- For South Asia, the IMET program enables officers to attend specialized training in U.S. military schools, increases understanding of civil-military relations and respect for human rights and improves interoperability with U.S. units. Increased funding in this region reflects the importance of the IMET program to the long-term Afghan National Army (ANA) training program, will enable continued support from and increased interoperability with Pakistan's military and is a component of our broader military engagement strategy with India.
- In the Western Hemisphere region, the largest programs belong to Colombia, El Salvador and Mexico. The primary audience in these and other programs in the region remains the junior and mid-grade ranks, whose development can be positively influenced by exposure to the United States. IMET particularly enhances regional security by consolidating gains Latin American militaries have made in subordinating themselves to civilian control.

Program Assessment Rating Tool (PART)/Performance Evaluation

During 2003, the Administration conducted the first Program Assessment Rating Tool (PART) review of Security Assistance to the Western Hemisphere. The Foreign Military Financing (FMF) and the International Military and Education Training (IMET) funds were combined into the Security Assistance PART review, receiving a rating of moderately effective. The purpose of the program was found to be clear: to reduce instability caused by illicit drug production and terrorism and to increase contributions by Western Hemisphere nations to peacekeeping and counter-terror operations. The assessment noted that the program is well managed but cited that the Department's planning and accountability require improvements. There are some deficiencies in strategic planning as a result of the redesign of certain programs to address specific problems, such as combining anti-terror and anti-drug efforts in Colombia. Annual and long-term goals still need to be strengthened and clarified. The Department will reevaluate and refine its performance goals and coordinate with the Defense Department to develop more specific long-term goals to support funding requirements. The findings in the PART evaluation were considered in the overall decision-making process for resources allocation.

Corresponding performance information (key goals and targets) for Security to the Western Hemisphere can be found in the Performance Summary volume of the integrated performance budget presentation on pages 18, 40 and 65.

Key Indicators: (1) Number of terrorist attacks against the Cano Limon pipeline, (2) Percentage of WHA countries that volunteer for coalition operations when requested, and (3) Percentage of FMF and IMET recipient countries that have civilians in senior defense leadership positions.

The Administration also reevaluated the Department's Military Assistance to new NATO and NATO Aspirant Countries using the Program Assessment Rating Tool (PART) in preparing the FY 2005 budget. The PART rated the program as moderately effective. The program purpose was found to be very clear: to promote U.S. security by strengthening military and political reform, to promote ties between U.S. military forces and those of receiving nations, and to encourage these nations' support for U.S. security goals and activities. The assessment noted that there were no regularly scheduled evaluations of the program's effectiveness by independent parties and that the State and Defense Departments occasionally differ on priorities and recommendations for the program. This is being addressed. The assessment noted that many positive program results were demonstrated, including adoption or plans to develop military force objectives, and support for Balkan deployments, the war on terrorism, and operations in Afghanistan and Iraq. Assessment recommendations included pressing nations that are lagging in their reform efforts and continued development of an e-government management tool to assist managers in determining program deficiencies. These are being implemented as resources are made available. All of these PART findings have been a factor in determining resources allocations.

Corresponding performance information (key goals and targets) for Military Assistance to new NATO and NATO Aspirant Nations can be found in Volume I of the integrated performance budget presentation on pages 15, 40, 42, and 280-281.

Key Indicators: (1) Percentage of Aspirants Making Progress Achieving NATO-Defined and Measured Country-Specific Membership Action Plans; and (2) Number of Countries Reaching Sustainable State of Niche Capacities.

In addition, the Administration reevaluated the Department's Program on Security Assistance to Sub-Saharan Africa using the Program Assessment Rating Tool (PART) in preparing the FY 2005 budget. The program was rated as moderately effective. The program makes a unique contribution to promoting peace and stability and developing indigenous African peacekeeping and humanitarian response capabilities, professional African militaries, and relationships between U.S. and African militaries. The FY 2005 PART review noted that significant improvements had been achieved since the FY 2004 review in the areas of strategic planning and program results. As recommended in the FY 2004 assessment, the program performance plan was restructured to include separate annual and long-term goals, targets and baseline information; and a report on actual progress related to achieving performance goals. Also, program goals were narrowed to focus on outcomes that can be reasonably measured. However, the program was assessed as continuing to lack evidence that federal managers and program partners are held accountable for program performance; lacked an efficiency measure; and did not tie budget requests to accomplishment of the annual and long-term performance goals. This information from the PART review was considered in the overall decision-making process for resources allocations. The Department will continue to evaluate and refine the performance goals for the program to ensure that they provide useful information to inform management, budget and policy decisions for the FY 2006 budget.

Corresponding performance information (key goals and targets) for the Security Assistance to Sub-Saharan Africa Program can be found in the Performance Summary volume of the integrated performance budget presentation on pages 14, 50, 52 and 282.

Key Indicators: (1) African militaries are capable of sustained peacekeeping and humanitarian operations, (2) Number of U.S.-trained African units deployed to peace support/humanitarian response operations, and (3) Number of African armed conflicts resolved and peace support missions concluded.

International Military Education and Training
(\$ in thousands)

	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
Africa			
Angola	152	100	300
Benin	382	500	250
Botswana	716	700	700
Burkina Faso	-	50	50
Burundi	-	100	50
Cameroon	306	200	225
Cape Verde	143	120	120
Central African Republic	13	150	110
Chad	253	150	225
Comoros	-	-	50
Cote d'Ivoire	-	50	50
Democratic Republic of Congo	-	100	50
Djibouti	154	325	325
Equatorial Guinea	-	50	50
Eritrea	181	450	450
Ethiopia	210	570	600
Gabon	233	160	210
Gambia	68	100	75
Ghana	522	500	575
Guinea	210	350	350
Guinea-Bissau	77	100	100
Kenya	596	600	650
Lesotho	52	125	50
Madagascar	209	200	200
Malawi	312	360	360
Mali	309	350	175
Mauritania	131	125	130
Mauritius	110	125	125
Mozambique	196	225	215
Namibia	175	225	100
Niger	103	200	100
Nigeria	96	850	800
Republic of the Congo	108	110	110
Rwanda	162	175	225
Sao Tome and Principe	180	100	200
Senegal	1,062	1,000	1,100
Seychelles	53	100	100
Sierra Leone	318	300	300
South Africa	1,258	1,600	50
Swaziland	97	135	100

International Military Education and Training
(\$ in thousands)

	FY 2003	FY 2004	FY 2005
	Actual	Estimate	Request
Tanzania	210	230	100
Togo	116	125	120
Uganda	170	200	225
Zambia	225	225	225
ECOWAS	-	100	100
Subtotal - Africa	9,868	12,610	10,775
East Asia and the Pacific			
Cambodia	-	-	50
East Timor	119	150	300
Fiji	-	200	250
Indonesia	276	459	600
Laos	-	100	100
Malaysia	831	1,200	1,100
Mongolia	767	850	850
Papua New Guinea	256	300	300
Philippines	2,400	2,700	3,000
Samoa	76	150	50
Solomon Islands	151	50	150
Thailand	1,768	2,450	2,500
Tonga	127	125	135
Vanuatu	106	100	110
Vietnam	-	100	50
Subtotal - East Asia and the Pacific	6,877	8,934	9,545
Europe and Eurasia			
Albania	957	975	900
Armenia	659	900	750
Azerbaijan	878	900	750
Bosnia and Herzegovina	796	900	900
Bulgaria	1,324	1,350	1,395
Croatia	700	800	50
Czech Republic	1,929	1,900	1,900
Estonia	1,099	1,200	1,200
Georgia	1,184	1,300	1,200
Greece	594	600	600
Hungary	1,888	1,900	1,900
Kazakhstan	872	1,200	1,000
Kyrgyz Republic	1,068	1,200	1,100
Latvia	1,091	1,200	1,200
Lithuania	1,087	1,200	1,200

International Military Education and Training
(\$ in thousands)

	FY 2003	FY 2004	FY 2005
	Actual	Estimate	Request
Macedonia	676	700	650
Malta	292	250	125
Moldova	988	1,000	900
Poland	2,172	2,000	2,000
Portugal	850	850	850
Romania	1,651	1,500	1,500
Russia	777	800	800
Serbia and Montenegro	-	250	250
Slovakia	920	950	950
Slovenia	935	950	950
Tajikistan	339	400	350
Turkey	2,800	5,000	4,000
Turkmenistan	216	450	450
Ukraine	1,698	1,700	1,700
Uzbekistan	1,104	1,350	1,200
Subtotal - Europe and Eurasia	31,544	35,675	32,720
Near East			
Algeria	612	550	850
Bahrain	448	600	650
Egypt	1,232	1,200	1,200
Jordan	2,400	2,900	3,000
Lebanon	700	700	700
Morocco	1,575	1,750	1,875
Oman	567	1,000	1,100
Saudi Arabia	22	25	25
Tunisia	1,500	1,750	1,875
Yemen	638	1,000	1,100
Subtotal - Near East	9,694	11,475	12,375
South Asia			
Afghanistan	387	600	800
Bangladesh	772	800	900
India	1,000	1,250	1,400
Maldives	139	175	175
Nepal	500	600	650
Pakistan	990	1,250	2,000
Sri Lanka	307	500	500
Subtotal - South Asia	4,095	5,175	6,425

International Military Education and Training
(\$ in thousands)

	FY 2003	FY 2004	FY 2005
	Actual	Estimate	Request
Western Hemisphere			
Argentina	1,000	1,100	1,100
Bahamas	146	165	240
Belize	173	200	100
Bolivia	800	900	800
Brazil	483	-	50
Chile	559	600	600
Colombia	1,165	1,800	1,700
Costa Rica	336	-	50
Dominican Republic	570	800	1,100
Ecuador	645	650	300
El Salvador	1,165	1,200	1,600
Guatemala	350	350	300
Guyana	316	375	300
Haiti	51	200	150
Honduras	724	1,000	1,100
Jamaica	646	700	700
Mexico	1,250	1,275	1,250
Nicaragua	600	600	600
Panama	209	400	600
Paraguay	297	300	250
Peru	592	700	300
Suriname	156	150	150
Trinidad and Tobago	150	-	50
Uruguay	450	450	150
Venezuela	683	-	50
Eastern Caribbean	686	875	800
Subtotal - Western Hemisphere	14,202	14,790	14,390
Global			
E-IMET Schools	3,000	2,000	3,000
General Costs	200	500	500
Subtotal - Global	3,200	2,500	3,500
Total	79,480	91,159	89,730

Summary of Students Trained Under IMET

	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
Africa			
Angola	5	3	10
Benin	44	58	29
Botswana	40	39	39
Burkina Faso	-	2	2
Burundi	-	4	5
Cameroon	14	9	10
Cape Verde	6	5	5
Central African Republic	-	6	4
Chad	16	9	14
Comoros	-	2	2
Cote d'Ivoire	-	-	2
Democratic Republic of Congo	-	4	5
Djibouti	39	57	82
Equatorial Guinea	-	-	2
Eritrea	78	194	194
Ethiopia	8	22	23
Gabon	10	7	31
Gambia	5	7	7
Ghana	27	26	30
Guinea	28	47	47
Guinea-Bissau	2	3	3
Kenya	59	59	64
Lesotho	5	12	5
Madagascar	7	7	7
Malawi	79	91	91
Mali	12	14	7
Mauritania	5	5	5
Mauritius	35	40	40
Mozambique	69	79	76
Namibia	68	87	39
Niger	32	62	31
Nigeria	6	53	50
Republic of the Congo	33	34	34
Rwanda	49	53	68
Sao Tome and Principe	5	3	6
Senegal	124	117	128
Seychelles	27	51	51
Sierra Leone	244	230	230
South Africa	333	424	13
Swaziland	15	21	15

Summary of Students Trained Under IMET

	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
Tanzania	40	44	19
Togo	15	16	16
Uganda	6	7	8
Zambia	120	120	120
Subtotal - Africa	1,710	2,133	1,669
East Asia and the Pacific			
Cambodia	-	8	2
East Timor	111	140	280
Fiji	-	8	10
Indonesia	41	43	43
Laos	-	4	4
Malaysia	47	68	62
Mongolia	142	157	157
Papua New Guinea	56	66	66
Philippines	185	208	231
Samoa	12	24	8
Solomon Islands	39	13	39
Thailand	140	194	198
Tonga	5	5	5
Vanuatu	13	12	13
Vietnam	-	4	2
Subtotal - East Asia and the Pacific	791	954	1,120
Europe and Eurasia			
Albania	148	151	139
Armenia	33	60	50
Azerbaijan	88	90	75
Bosnia and Herzegovina	158	179	179
Bulgaria	144	147	152
Croatia	62	71	4
Czech Republic	191	188	188
Estonia	251	274	274
Georgia	233	256	236
Greece	95	86	86
Hungary	170	171	171
Kazakhstan	27	37	31
Kyrgyz Republic	59	66	61
Latvia	100	110	110
Lithuania	119	131	131
Macedonia	101	105	97

Summary of Students Trained Under IMET

	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
Malta	88	75	38
Moldova	148	150	135
Poland	192	177	177
Portugal	136	136	136
Romania	147	134	134
Russia	61	32	32
Serbia and Montenegro	-	20	10
Slovakia	79	82	82
Slovenia	303	308	308
Tajikistan	100	118	103
Turkey	203	363	290
Turkmenistan	4	8	8
Ukraine	204	204	204
Uzbekistan	75	109	82
Subtotal - Europe and Eurasia	3,719	4,038	3,723
Near East			
Algeria	71	64	99
Bahrain	115	154	167
Egypt	52	51	51
Jordan	208	251	260
Lebanon	188	188	188
Morocco	109	121	130
Oman	43	76	83
Saudi Arabia	2	2	2
Tunisia	62	72	78
Yemen	16	25	28
Subtotal - Near East	866	1,004	1,086
South Asia			
Afghanistan	8	12	17
Bangladesh	113	117	132
India	36	45	50
Maldives	8	10	10
Nepal	73	88	95
Pakistan	101	128	204
Sri Lanka	12	20	20
Subtotal - South Asia	351	420	528

Summary of Students Trained Under IMET

	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
Western Hemisphere			
Argentina	536	366	366
Bahamas	34	33	56
Belize	41	47	24
Bolivia	51	57	51
Brazil	80	83	8
Chile	198	213	213
Colombia	529	727	772
Costa Rica	46	55	7
Dominican Republic	47	41	92
Eastern Caribbean	75	79	91
Ecuador	85	86	40
El Salvador	274	212	376
Guatemala	89	89	76
Guyana	23	20	20
Haiti	47	100	138
Honduras	222	199	337
Jamaica	114	106	124
Mexico	171	174	171
Nicaragua	104	69	104
Panama	31	30	89
Paraguay	31	31	26
Peru	172	203	87
Suriname	16	15	15
Trinidad and Tobago	8	8	3
Uruguay	202	202	67
Venezuela	73	75	5
Subtotal - Western Hemisphere	3,299	3,320	3,358
Total	10,736	11,869	11,484

Foreign Military Financing

(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
FMF	3,952,532	4,268,665	4,957,500
FMF-ERF	-	77,000	-
FMF-SUP	2,039,100	287,000	-

Foreign Military Financing (FMF) is a critical foreign policy tool for promoting U.S. interests around the world by ensuring that coalition partners and friendly foreign governments are equipped and trained to work toward common security goals and share burdens in joint missions. In particular, FMF is a key assistance tool for supporting U.S. coalition partners in the war on terrorism. FMF provides grants for the acquisition of U.S. defense equipment, services, and training, which promotes U.S. national security by contributing to regional and global stability, strengthening military support for democratically-elected governments and containing transnational threats including terrorism and trafficking in narcotics, weapons and persons. These grants enable key allies and friends to improve their defense capabilities and foster closer military relationships between the U.S. and recipient nations. Increased military capabilities build and strengthen multilateral coalitions with the U.S. and enable friends and allies to be increasingly interoperable with regional, U.S. and NATO forces. By increasing demand for U.S. systems, FMF also contributes to a strong U.S. defense industrial base, an important element of U.S. national defense strategy that reduces costs for Department of Defense acquisitions and secures more jobs for American workers.

The objectives of the U.S. Foreign Military Financing program are to:

- Assist the militaries of friendly countries and allies to procure U.S. defense articles and services that strengthen legitimate self-defense capabilities and security needs.
- Promote bilateral, regional and multilateral coalition efforts, notably in the global war on terrorism.
- Improve the military capabilities of key friendly countries to contribute to international crisis response operations, including peacekeeping and humanitarian crises.
- Contribute to the professionalism of military forces of friendly countries and allies to include their understanding of the rule of law and military subordination to civilian control.
- Enhance rationalization, standardization and interoperability of military forces of friendly countries and allies.
- Maintain support for democratically-elected governments that share values similar to the U.S. for democracy, human rights and regional stability.
- Support the U.S. industrial base by promoting the export of U.S. defense-related goods and services.

Uses of FY 2005 FMF grant funding:

- The majority of funds – approximately 77% – provides continued assistance for the Near East. These funds help to promote regional stability and ensure the influence of moderate governments friendly to U.S. interests. With FMF, we seek to boost the legitimate defense needs of countries such as Israel, Egypt and Jordan, who, through their efforts, have demonstrated their desire to seek a comprehensive

Middle East peace. FMF for other friends and allies in the region, such as Bahrain, Morocco, Oman, Tunisia and Yemen will help to strengthen their self-defense capabilities, safeguard their borders and territorial waters, meet their legitimate indigenous security needs and support coalition efforts in the war on terrorism.

- Support continues for ongoing efforts in Europe and Eurasia to incorporate the most recent NATO members into the Alliance as well as to assist prospective NATO members preparing for accession while simultaneously having forces deployed in Iraq and elsewhere. Funds will also support Partnership for Peace (PfP) countries in the Balkans, the Caucasus and Central Asia to pursue defense reform and the continued implementation of membership, partnership and individual Country Action Plan goals. Major program elements include promoting Turkish Armed Forces modernization and the interoperability of its equipment and procedures with NATO. In Bosnia-Herzegovina, FMF will promote defense reform implementation, PfP participation and further integration of the Bosnia Federation (VF) and Bosnia Serb (BRS) militaries. Funds used in Poland, Georgia, the Ukraine and Albania will increase military modernization, professionalism and interoperability with Western forces. Lastly, funds will be used to advance the NATO objective of encouraging critical niche capabilities, such as search and rescue, Nuclear, Biological and Chemical defense and lift support. Establishing this capability is increasingly important as we continue to rely on support from Coalition partners in Operation Enduring Freedom (OEF) and Operation Iraqi Freedom.
- FMF in the Western Hemisphere focuses on key U.S. foreign policy and national security objectives for the region by ensuring that militaries are equipped and professionally trained to exert effective authority over their national territory, control approaches to the U.S. and participate in coalition and peacekeeping operations. The majority of assistance will go to supporting Colombia, its neighbors, and Bolivia in their efforts to establish and strengthen national authority over remote areas that shelter terrorists and support the illegal narcotics trade. While Colombia is increasing defense spending, it still requires significant support. The provision of FMF also plays a critical role in U.S. homeland defense by improving the military and professional capabilities of countries that control the land approaches into the U.S. as well as the island states that form our “third border.” By improving the ability of these countries to control their sovereign territory and provide for a robust maritime interdiction program, much can be done to combat transnational crime and counter terrorism. Finally, FMF will be used to provide equipment and training to those countries in the region that are willing to work closely with the U.S. and its allies around the globe in support of coalition and/or peacekeeping operations.
- Much of the FMF to the East Asia and Pacific region will go to the Philippines, a steadfast ally in the war on terrorism. These funds will be used to sustain logistical and support functions, help enhance counterterrorism activities and continue a multi-year effort to reform the Armed Forces of the Philippines. Funds for East Timor will be used to promote stability and provide non-lethal basic soldier equipment for the East Timor Defense Forces. Mongolia will continue to use FMF to fund sustainment of its successful border communications project representing part of a multi-year effort to improve its defense capabilities. And lastly, Thailand will use FMF to support its counterterrorism units, thereby enhancing its ability to combat terrorism, operate together with U.S. forces and participate in regional and coalition operations outside of Thailand.
- Conflict and strife in Africa remain concerns for the U.S. FMF for this region will support counterterrorism capabilities, improve peacekeeping capacity and enhance border and maritime controls, thereby strengthening regional stability. Funds will be used to help Kenya thwart the terrorist threat from Somalia and bolster its substantial commitment to regional security and international peacekeeping through provision of equipment and support for air base operations. FY 2005 will represent the first full year of funding for the African Coastal and Border Security program. This

program will seek to provide new and follow-on assistance to several important African partners to develop means to control Africa's vast borders and territorial waters, significant elements of counterterrorism efforts in the region. Key countries such as Ethiopia, Kenya and Djibouti will receive the bulk of the FMF for the region.

- FMF in the South Asia region continues to focus on sustaining OEF, countering regional and international terrorism and enhancing counter-insurgency and peace support capabilities. The majority of FMF for the South Asia region will go to Afghanistan and Pakistan. FMF for Afghanistan will continue to provide training, infrastructure and equipment to help strengthen the Afghan National Army. In Pakistan, FMF will fund equipment essential to Pakistan's participation in support of OEF and support a multi-year funding strategy to bolster the efforts of a key ally in the war on terrorism.
- Support will continue for the Enhanced International Peacekeeping Initiative. This program helps selected foreign countries to develop institutional capability to train more efficient and effective peacekeeping units, thereby augmenting available peacekeeping forces and reducing dependence on U.S. personnel.
- FMF will also support Department of Defense costs for the administration of global grant military assistance programs.

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The Administration also reevaluated the Department's Military Assistance to new NATO and NATO Aspirant Countries using the Program Assessment Rating Tool (PART) in preparing the FY 2005 budget. The PART rated the program as moderately effective. The program purpose was found to be very clear: to promote U.S. security by strengthening military and political reform, to promote ties between U.S. military forces and those of receiving nations, and to encourage these nations' support for U.S. security goals and activities. The assessment noted that there were no regularly scheduled

evaluations of the program's effectiveness by independent parties and that the State and Defense Departments occasionally differ on priorities and recommendations for the program. This is being addressed. The assessment noted that many positive program results were demonstrated, including adoption or plans to develop military force objectives, and support for Balkan deployments, the war on terrorism, and operations in Afghanistan and Iraq. Assessment recommendations included pressing nations that are lagging in their reform efforts and continued development of an e-government management tool to assist managers in determining program deficiencies. These are being implemented as resources are made available. All of these PART findings have been a factor in determining resources allocations.

Corresponding performance information (key goals and targets) for Military Assistance to new NATO and NATO Aspirant Nations can be found in Volume I of the integrated performance budget presentation on pages 14, 28, 32, 34, and 262.

Key Indicators: (1) Percentage of Aspirants Making Progress Achieving NATO-Defined and Measured Country-Specific Membership Action Plans; and (2) Number of Countries Reaching Sustainable State of Niche Capacities.

In addition, the Administration reevaluated the Department's Program on Security Assistance to Sub-Saharan Africa using the Program Assessment Rating Tool (PART) in preparing the FY 2005 budget. The program was rated as moderately effective. The program makes a unique contribution to promoting peace and stability and developing indigenous African peacekeeping and humanitarian response capabilities, professional African militaries, and relationships between U.S. and African militaries. The FY 2005 PART review noted that significant improvements had been achieved since the FY 2004 review in the areas of strategic planning and program results. As recommended in the FY 2004 assessment, the program performance plan was restructured to include separate annual and long-term goals, targets and baseline information and a report on actual progress related to achieving performance goals. Also, program goals were narrowed to focus on outcomes that can be reasonably measured. However, the program was assessed as continuing to lack evidence that federal managers and program partners are held accountable for program performance; lacked an efficiency measure; and did not tie budget requests to accomplishment of the annual and long-term performance goals. This information from the PART review was considered in the overall decision-making process for resources allocations. The Department will continue to evaluate and refine the performance goals for the program to ensure that they provide useful information to inform management, budget and policy decisions for the FY 2006 budget.

Corresponding performance information (key goals and targets) for the Security Assistance to Sub-Saharan Africa Program can be found in Volume I of the integrated performance budget presentation on pages 13, 35 and 43.

Key Indicators: (1) African militaries are capable of sustained peacekeeping and humanitarian operations, (2) Number of U.S.-trained African units deployed to peace support/humanitarian response operations, and (3) Number of African armed conflicts resolved and peace support missions concluded.

Foreign Military Financing
(\$ in thousands)

	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
Africa			
Botswana	490	980	500
Djibouti	8,150	5,990	4,000
Djibouti SUP	5,000	-	-
Eritrea	-	480	500
Ethiopia	4,000	2,480	2,000
Ghana	490	480	500
Kenya	1,000	6,250	7,000
Nigeria	-	385	1,000
Sao Tome and Principe	500	-	-
Senegal	480	480	500
South Africa	5,950	-	-
Uganda	-	1,990	-
Africa Coastal/Border Security Program	-	-	4,000
Military Health Affairs	1,990	1,490	2,000
Subtotal - Africa	28,050	21,005	22,000
East Asia and the Pacific			
East Timor	1,990	1,988	1,000
Mongolia	990	995	500
Philippines	19,870	19,880	30,000
Philippines SUP	30,000	-	-
Thailand	1,990	995	500
Subtotal - East Asia and the Pacific	54,840	23,858	32,000
Europe and Eurasia			
Albania	4,900	3,975	3,000
Albania SUP	3,000	-	-
Armenia	5,000	2,485	2,000
Azerbaijan	5,000	2,485	8,000
Bosnia and Herzegovina	2,400	14,900	2,500
Bulgaria	9,000	8,450	7,000
Bulgaria SUP	10,000	-	-
Croatia	5,500	-	-
Czech Republic	10,900	7,950	6,000
Czech Republic SUP	15,000	-	-
Estonia	6,500	6,200	5,000
Estonia SUP	2,750	-	-
Georgia	6,900	8,000	12,000
Hungary	10,900	7,955	6,000
Hungary SUP	8,000	-	-

Foreign Military Financing
(\$ in thousands)

	FY 2003	FY 2004	FY 2005
	Actual	Estimate	Request
Kazakhstan	2,900	2,980	6,000
Kyrgyz Republic	3,900	4,075	3,000
Latvia	6,500	6,610	5,000
Latvia SUP	2,750	-	-
Lithuania	6,500	6,950	5,500
Lithuania SUP	4,000	-	-
Macedonia	10,900	7,950	6,500
Macedonia SUP	1,000	-	-
Malta	5,000	990	-
Moldova	1,000	990	800
Poland	12,900	20,000	66,000
Poland SUP	15,000	-	-
Romania	9,900	8,950	11,000
Romania SUP	15,000	-	-
Slovakia	8,000	7,950	6,000
Slovakia SUP	6,500	-	-
Slovenia	4,000	2,485	2,000
Tajikistan	-	695	700
Turkey	17,350	40,000	34,000
Turkmenistan	690	695	700
Ukraine	3,000	2,985	6,500
Ukraine SUP	1,500	-	-
Uzbekistan	8,600	8,000	12,000
Subtotal - Europe and Eurasia	252,640	184,705	217,200
Near East			
Bahrain	-	24,850	20,000
Bahrain SUP	90,000	-	-
Egypt	1,291,550	1,292,330	1,300,000
Israel	2,086,350	2,147,255	2,220,000
Israel SUP	1,000,000	-	-
Jordan	198,000	204,785	206,000
Jordan SUP	406,000	-	-
Morocco	4,900	9,940	20,000
Oman	19,500	24,850	25,000
Oman SUP	61,500	-	-
Tunisia	4,900	9,940	10,000
Yemen	1,900	14,910	15,000
Subtotal - Near East	5,164,600	3,728,860	3,816,000

Foreign Military Financing
(\$ in thousands)

	FY 2003	FY 2004	FY 2005
	Actual	Estimate	Request
South Asia			
Afghanistan	21,000	49,705	400,000
Afghanistan ERF	-	77,000	-
Afghanistan SUP	170,000	287,000	-
Nepal	2,950	3,975	1,000
Pakistan	49,500	74,560	300,000
Pakistan SUP	175,000	-	-
Sri Lanka	-	995	500
Subtotal - South Asia	418,450	493,235	701,500
Western Hemisphere			
Argentina	1,990	1,000	1,000
Bahamas	90	99	100
Belize	290	199	200
Bolivia	1,990	3,977	3,000
Chile	990	495	500
Colombia	-	109,350	108,000
Colombia SUP	17,100	-	-
Dominican Republic	300	2,000	1,500
Ecuador	990	6,955	2,000
El Salvador	2,480	3,000	2,750
Guyana	390	95	100
Haiti	390	295	300
Honduras	168	2,000	1,500
Jamaica	690	597	600
Nicaragua	1,000	495	500
Panama	990	2,000	1,500
Peru	990	1,730	1,000
Suriname	240	145	100
Trinidad and Tobago	390	-	-
Uruguay	990	990	500
Eastern Caribbean	782	3,330	1,350
Subtotal - Western Hemisphere	33,240	138,752	126,500
Global			
Enhanced International Peacekeeping Capabilities	3,050	1,990	1,800
FMF Administrative Costs	36,762	40,260	40,500
Subtotal - Global	39,812	42,250	42,300
Total	5,991,632	4,632,665	4,957,500

Enhanced International Peacekeeping Capabilities

(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
FMF	3,050	1,990	1,800

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. Peacekeeping is a global responsibility; 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 has proven to have an impact on whether a country participates in international peacekeeping operations.

The objectives of the EIPC program are to:

- Help create more professionally competent, properly equipped, and better-led peacekeeping units in selected foreign countries, thereby reducing reliance on U.S. forces.
- Increase interoperability between foreign peacekeeping units and the U.S. military and its key allies.
- Encourage other countries to establish peacekeeping training centers or dedicated training programs, develop national policies on peacekeeping and encourage nations to increase their own involvement in peacekeeping operations.
- Expose international military forces to democratic ideals and principles of internationally recognized human rights and to prepare foreign militaries for peace support operations, including the capacity to contribute humanitarian assistance when called upon to do so.

The FY 2005 request for the EIPC initiative will allow the U.S. to continue to build upon the solid foundation of the existing program. 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 to encourage recipient countries to host and participate in regional multinational peacekeeping exercises.

An important component of the program is to support the UN's establishment of English as the "language of peacekeeping." EIPC funds also help procure non-lethal defense-related peacekeeping training equipment and provide training that emphasizes the concept of "training the trainer" in order to maximize the benefits of the expenditures. Program funds support workshops tailored to a country's peacekeeping training needs and provide for visits to U.S. peacekeeping training centers and installations for senior officers and trainers directly involved in national peacekeeping training programs. EIPC funds help to procure peacekeeping training and doctrine-related manuals and enable countries to obtain and employ peacekeeping software training simulations that help avoid more costly field exercises. The EIPC program complements both other FMF and non-FMF resources, including International Military Education and Training, Excess Defense Articles programs and Combatant Commanders' 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 and has developed a common core curriculum 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 approach using CCMR are already evident, as

graduates from a range of countries are using the EIPC common core curriculum to improve their own peacekeeping training programs.

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

FY 2005 EIPC funding will build on a record of achievement in assisting selected countries to improve their peacekeeping capabilities. Most of the countries that have received EIPC funds have taken decisive steps to increase their international peacekeeping operations role. To cite a few examples:

- Mongolia was one of the first countries to offer troops to assist the U.S. in securing Iraq. Mongolia has made peacekeeping the priority mission for its military forces.
- South Africa has developed a comprehensive Military Observer training course, using EIPC assistance. Over 100 officers were trained in 2003 and 28 South African military observers are being sent to fill positions in UN and African Union peacekeeping missions throughout Africa.
- Despite large commitments of forces to other peacekeeping missions, Bangladesh committed forces to the new mission in Liberia, responding to the U.S. call for contributors.

FMF Administrative Costs

(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
FMF	36,762	40,260	40,500

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

The proposed program level represents the projected costs required to 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.

Security costs for all SAOs have increased dramatically. The sustained increases in IMET funding levels from the FY 1995 level of \$26 million have also increased administrative workload and funding requirements. Departmental and headquarters management and oversight for FMF programs, not connected to FMS, have grown significantly.

Peacekeeping Operations

(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
PKO	114,252	74,458	104,000
PKO-SUP	100,000	50,000	-

The U.S. has a strong interest in supporting, on a voluntary basis, peacekeeping activities that are not UN mandated and/or not funded by UN assessments. U.S. Peacekeeping Operations (PKO) funds support multilateral peacekeeping and regional stability operations that are not funded through the UN mechanism. This funding helps to support regional peace support operations for which neighboring countries take primary responsibility, while maintaining the foreign policy flexibility to determine which cases require that U.S. forces be placed in harm's way. Similarly, the U.S. has a substantial interest in enhancing the ability of other nations to participate in voluntary peacekeeping and humanitarian operations in order to reduce the burden on U.S. personnel and resources.

Assistance for peacekeeping and peace support operations is a cornerstone of regional security. Historically, these operations help separate adversaries, promote and maintain cease-fires, facilitate delivery of humanitarian relief, allow repatriation of refugees and displaced persons, demobilize combatants and create conditions under which political reconciliation and democratic elections may occur. Successful peacekeeping operations can reduce the likelihood of interventions by regional powers and the need for more expensive UN operations, prevent the proliferation and expansion of smaller-scale conflicts, facilitate the establishment and growth of open societies and economies, contain the cost of humanitarian emergencies, limit the flow of refugees and restrict illegal activities both within and across national borders. PKO assistance promotes the establishment, development and sustainment of peacekeeping battalions or missions that have additional benefits to U.S. objectives, such as providing "hands-on" opportunities that enhance interoperability of forces.

The objectives of peacekeeping funds are to:

- Promote peace and security by supporting multilateral peacekeeping initiatives around the world.
- Encourage fair share contributions to peacekeeping efforts from those countries with greater potential to pay, while facilitating increasing participation of poorer countries when resource constraints would otherwise prevent their taking part.
- Encourage greater participation of foreign forces in international peacekeeping activities.

Through the use of the PKO account, the U.S. is better able to assist countries in creating an environment of security and stability essential to their social, economic, and political progress. The account provides the flexibility to support multilateral peace operations, conflict resolution, sanctions enforcement and similar efforts outside the context of assessed UN peacekeeping operations. It can strengthen involvement of regional organizations in conflict resolution, often resulting in more politically or cost-effective operations.

Highlights of the use of PKO funds in FY 2005 include:

- Continued support for the Afghanistan National Army (ANA), whose development is critical to the survival of the Karzai government and the future of the country. PKO will help cover the costs of paying and training the ANA, including related institutional and sustainment costs.

- Support Africa Regional Peacekeeping Operations efforts to maintain cease-fire and peace agreements, including ongoing activities in the Mano River region (Liberia, Sierra Leone and Guinea), Cote d'Ivoire, Burundi, the Democratic Republic of Congo and Sudan. Monies will be used to place African forces in the field to guard against violence and uphold peace agreements, disarm and demobilize regional combatants under international peace agreements, assist in the integration and reform of military forces and maintain successful capacity-building efforts for regional organizations.
- Fund the African Contingency Operations Training and Assistance (ACOTA) program, which will enhance the existing capabilities of select African states to respond quickly to regional crises and humanitarian missions through the provision of equipment and peace support operations training.
- Provide for the Multinational Force and Observers (MFO) in the Sinai, which is an important part of the peace between Israel and its neighbors. In addition to an established system to monitor compliance of the Egyptian-Israeli Peace Treaty, the MFO offers an effective liaison system between the Egyptian and Israeli defense forces. The U.S. has a firm political commitment to finance one-third of the annual MFO budget, with the other two thirds provided by Israel and Egypt.
- Support modest contributions to high priority peacekeeping-related activities of the Organization for Security and Cooperation in Europe (OSCE). Beginning in FY 2005, the Support for East European Democracy (SEED) and FREEDOM Support Act (FSA) accounts will fund the bulk of costs for OSCE missions within the respective SEED and FSA regional allocations. OSCE missions undertake responsibilities in conflict prevention and post-conflict democratization more appropriately funded through SEED and FSA accounts.
- Fund continuation of peace support efforts in Sri Lanka, including the activities of the monitoring mission which is charged with on-site monitoring and verification of the terms of the cease-fire agreement.

Program Assessment Rating Tool (PART)/Performance Evaluation

For preparation of the FY 2005 budget, the Administration reevaluated the Department's Program on Security Assistance to Sub-Saharan Africa using the Program Assessment Rating Tool (PART). The program was rated as moderately effective. The program makes a unique contribution to promoting peace and stability and developing indigenous African peacekeeping and humanitarian response capabilities, professional African militaries, and relationships between U.S. and African militaries. The FY 2005 PART review noted that significant improvements had been achieved since the FY 2004 review in the areas of strategic planning and program results. As recommended in the FY 2004 assessment, the program performance plan was restructured to include separate annual and long-term goals, targets and baseline information; and a report on actual progress related to achieving performance goals. Also, program goals were narrowed to focus on outcomes that can be reasonably measured. However, the program was assessed as continuing to lack evidence that federal managers and program partners are held accountable for program performance; lacked an efficiency measure; and did not tie budget requests to accomplishment of the annual and long-term performance goals. This information from the PART review was considered in the overall decision-making process for resources allocations. The Department will continue to evaluate and refine the performance goals for the program to ensure that they provide useful information to inform management, budget and policy decisions for the FY 2006 budget.

Corresponding performance information (key goals and targets) for the Security Assistance to Sub-Saharan Africa Program can be found in the Performance Summary volume of the integrated performance budget presentation on pages 14, 49, 52 and 284.

Key Indicators: (1) African militaries are capable of sustained peacekeeping and humanitarian operations, (2) Number of U.S.-trained African units deployed to peace support/humanitarian response operations, and (3) Number of African armed conflicts resolved and peace support missions concluded.

The Administration also reevaluated the Department's OSCE Peacekeeping Operations using the Program Assessment Rating Tool (PART) in preparing the FY 2005 budget. In its second PART review, the program showed significant improvement from a rating of results not demonstrated to moderately effective. The program purpose was found to be very clear: to support stability in the independent states of the former Soviet Union and the countries of southern Europe. The assessment acknowledged significant improvements in the areas of strategic planning and program results. Assessment recommendations included institution of measures to hold federal managers and program partners accountable for achieving key program results, development of efficiency goals, continued evaluation and refinement of the performance goals, and linkage of budget request to accomplishment of performance goals. These findings from the PART process were a factor in the overall decision-making process for resources allocation. The efficiency indicators are currently in development, and other recommendations are being addressed.

Corresponding performance information (key goals and targets) for OSCE Peacekeeping Operations can be found in Volume I of the integrated performance budget presentation on pages 14, 49, 52, and 281.

Key Indicators: (1) Implementation of New Policy Training Programs in Former Soviet States, (2) Withdrawal of Russian Forces from Moldova and Georgia; Voluntary Fund Status, and (3) Per Unit Cost of USG OSCE Election Observers.

Peacekeeping Operations
(\$ in thousands)

	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
Africa			
Africa Regional SUP	11,000	-	-
Africa Regional Peacekeeping	59,134	8,947	45,000
African Contingency Operations Training and Assistance	8,000	14,912	15,000
Subtotal - Africa	78,134	23,859	60,000
East Asia and the Pacific			
East Timor	3,250	1,988	-
Subtotal - East Asia and the Pacific	3,250	1,988	-
Europe and Eurasia			
OSCE Bosnia	9,900	11,730	-
OSCE Croatia	-	895	-
OSCE Kosovo	-	9,444	-
OSCE Regional	7,858	9,245	2,500
Subtotal - Europe and Eurasia	17,758	31,314	2,500
Near East			
Iraq SUP	50,000	-	-
Multinational Force and Observers	16,212	16,303	16,500
Subtotal - Near East	66,212	16,303	16,500
South Asia			
Afghanistan	9,898	-	24,000
Sri Lanka	-	994	1,000
Subtotal - South Asia	9,898	994	25,000
Global			
Other Programs SUP	39,000	50,000	-
Subtotal - Global	39,000	50,000	-
Total	214,252	124,458	104,000

MULTILATERAL ECONOMIC ASSISTANCE

International Financial Institutions
International Organizations and Programs

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International Financial Institutions

(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
IFI	1,295,781	1,383,042	1,492,731

The FY 2005 request for IFIs includes \$1.43 billion for scheduled annual commitments and \$58.7 million to clear a portion of outstanding arrears, which currently total \$472.7 million.

The scheduled International Development Association (IDA) request (\$1.05 billion), the third and final under the IDA-13 replenishment, includes \$200 million contingent on IDA meeting certain performance targets during 2004. \$118 million and \$103 million are requested for the final scheduled payments for current replenishments for the African Development Fund (AfDF) and Asian Development Fund (AsDF), respectively. The \$107.5 million request for the Global Environment Facility (GEF) is the third of four payments under the current replenishment. In FY 2006, the GEF is scheduled to receive a final regular payment of \$107.5 million and may receive an additional \$70 million if it meets specified performance targets.

IFIs lend to and invest in developing and transition economies and private sector enterprises in countries where risks are too high for private financing alone and where leverage is needed to encourage private financing. Bank policies and lending programs reflect U.S. priorities in promoting growth, increasing productivity, and reducing poverty in developing countries.

International Financial Institutions
(\$ in thousands)

	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
Global Environment Facility	146,852	138,418	120,678
International Development Association	844,475	907,812	1,061,310
Multilateral Investment Guarantee Agency	1,620	1,117	-
Asian Development Fund	97,250	143,569	112,212
African Development Bank	5,071	5,075	5,100
African Development Fund	107,371	112,060	118,000
European Bank for Reconstruction and Development	35,572	35,222	35,431
Inter-American Development Bank - Multilateral Investment Fund	24,431	24,853	25,000
Inter-American Investment Corporation	18,233	-	-
International Fund for Agricultural Development	14,906	14,916	15,000
Total	1,295,781	1,383,042	1,492,731

International Organizations and Programs

(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
IO&P	168,881	319,752	304,450

The FY 2005 request of \$304,450,000 for International Organizations and Programs (IO&P) advances 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 addressing 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 (\$1,500,000)

Contributing to the Fund advances 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, guarantees availability of such assistance to those nations that seek assistance 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 principles 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 our FY 2003 and FY 2004 contribution level in FY 2005 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 (\$5,000,000)

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 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. Requests for assistance have doubled in the past five years – from \$6,800,000 in 1997 to \$12,000,000 in 2002. Today, 80,000 victims of torture and their relatives and about 200 organizations around the world are assisted by the Fund. The Fund provides psychological, medical, social, legal, and economic assistance to torture victims.

OAS Fund for Strengthening Democracy (\$2,500,000)

Strengthening democracy is at the heart of the President's policy in the Western Hemisphere. FY 2005 funding for the OAS Fund for Strengthening Democracy (OAS Democ Fund) will 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 OAS Democ Fund is a small, but highly effective investment in mobilizing OAS efforts in that regard, through conflict resolution, electoral observation missions and technical assistance, and programs to strengthen democratic institutions and political parties. The OAS Democ Fund continues to play a critical role in capitalizing and

seeding many of those aforementioned programs. The OAS Democ Fund also provides quick, early funding for critical programs where even small sums can make a difference, such as high priority OAS mission responding to crisis situations (Haiti, Venezuela), promoting conflict resolution, and providing technical electoral assistance. The OAS Democ Fund also supports the Inter-American Commission on Human Rights, which monitors and adjudicates human rights complaints in the Hemisphere, and contributes to the highly successful OAS de-mining program (AICMA), which is making real progress toward achieving a landmine-free Central America. Furthermore, mandates from the Summit of the Americas, as well as recent OAS commitments to implement the Inter-American Democratic Charter, which was inspired by the 2001 Quebec Summit with President Bush's active participation, have substantially increased demands on the OAS Democ Fund to support the efforts of the Unit for Promotion of Democracy to prevent and address threats to democracy in the hemisphere.

World Food Program (WFP) (\$6,000,000)

WFP is the United Nations' front-line agency in the fight against global hunger. In 2003, WFP fed 110 million people – the highest number in its 40-year history. In Iraq, WFP carried out the largest humanitarian aid operation ever – at its peak moving 1,000 tons of food an hour, 24 hours per day, seven days per week despite enormous obstacles. At the same time, WFP helped feed some 40 million people across Africa, throughout one of the worst food disasters to hit the continent in decades. In emergencies, WFP provides fast, efficient, life-sustaining relief to millions of people who are victims of natural or man-made disasters. WFP also provides food aid for development projects that promote food security, including school feeding projects that encourage millions of hungry children to attend school. Eighty percent of WFP's resources are used for emergency relief, with 20 percent for development. U.S. contributions to WFP advance strategic goals of humanitarian response; economic development and environmental protection; and promoting regional stability and democracy. WFP operates exclusively from voluntary contributions. An annual contribution from the IO&P account ensures WFP receives non-earmarked contributions to operate effectively in carrying out its mission to feed the hungry, particularly in emergency situations.

UN Development Fund for Women (UNIFEM) (\$1,000,000)

UNIFEM is the only UN voluntary fund primarily concerned with integrating women into the national economies of their countries. Since its creation in 1976, UNIFEM has supported numerous projects and initiatives throughout the developing world focusing on strengthening women's economic security, advancing women's participation in governance and peace building, and promoting women's human rights.

The U.S. contribution to UNIFEM would enable the organization to act as a catalyst with other UN agencies to ensure 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's 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 involvement with the reconstruction of Afghanistan has been vital to promote ongoing capacity building of women and women's organizations. A fund for Afghan Women's Leadership was established by UNIFEM. UNIFEM's goals coincide with several U.S. foreign policy strategic goals: economic development, democracy and human rights, and global growth and stability.

OAS Development Assistance Programs (\$5,500,000)

FY 2005 funding for OAS Development Assistance Programs will help advance the goals of economic prosperity, social well being, and global environmental health, while leveraging additional contributions from member and observer states. The OAS recently established the Inter-American Agency for Cooperation and Development 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.

In the wake of the terrorist attacks of 9/11, the Agency has been praised for its commitment to training in port security. This work also supports the U.S. goals of combating corruption and smuggling. In addition, the OAS has developed an airport-security training program for Caribbean international airports and the program could be expanded to Central America, with sufficient funding. 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 that 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 help Latin American and Caribbean countries to sell their goods on the world market, an essential prelude to the Free Trade Area of the Americas (FTAA). A contribution in FY 2005 could provide for the OAS to meet its Summit of the Americas mandates in the areas of economic and social development, education, science and technology, and sustainable rural development activities, as well as assist Caribbean and other small-state economies to prepare for the FTAA.

World Trade Organization (WTO) (\$1,000,000)

Successful conclusion of the WTO Doha Round of trade negotiations is a key U.S. international economic policy objective. Demonstrating a strong trade capacity building assistance program for developing countries is essential to making progress in the Doha Round.

Ministers at the November 2001 WTO Doha Ministerial Conference underscored the importance of assisting developing countries to build trade capacity so that they might participate more fully in the WTO and the global economy. The commitment by developed countries to provide capacity building assistance was key to convincing developing countries to agree to launch the Doha Round. For this reason, the WTO established the Doha Development Agenda (DDA) Global Trust Fund to support developing countries' efforts to engage in WTO trade negotiations.

Developing countries assert they cannot make additional trade commitments, because they lack the capacity to negotiate market-opening trade agreements. Full funding for the WTO Global Trust Fund will provide necessary technical assistance to ensure all WTO Members share in the benefits of world trade. The U.S. contribution to the Fund would 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.

The U.S. contribution to the Fund would advance market-opening negotiations in the Doha Round, resulting in substantial benefits to American business, workers and consumers. During the 1990s, the

lowering of trade barriers helped U.S. exports reach approximately \$1 trillion annually, generating employment for 12 million Americans.

Successful and timely conclusion of the Doha Round will help achieve our strategic goals of further market opening, expansion of U.S. exports, and international growth and stability. Maintaining full funding for the WTO DDA Trust Fund for FY 2005 will underscore in a concrete way our strong commitment to the Doha Round, in particular the importance we attach to full participation of developing countries.

International Civil Aviation Organization (ICAO) (\$1,000,000)

ICAO's Aviation Security Fund and the Aviation Safety program strengthen aviation security worldwide. 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. ICAO has established new standards for cockpit security and crew procedures. ICAO is also implementing a global harmonized blueprint for the introduction of biometric facial recognition information into passports, visas, and other machine-readable travel documents.

Following the events of 9/11, aviation security has taken on additional importance. ICAO's security audit program monitors compliance with security and safety standards by identifying countries that don't adhere to the standards and helping them develop and implement actions to comply. The FY 2005 request will provide funding to help to complete security audits in more countries sooner.

ICAO has established new standards for cockpit security and crew procedures and an audit compliance program that models the already successful safety audit program. ICAO monitors compliance of security and safety standards by identifying countries that don't adhere to the standards and helping them develop and implement action plans to comply. The FY 2005 request will help to complete security audits in more countries sooner.

International Maritime Organization (IMO) (\$100,000)

At U.S. urging, the IMO launched a major maritime security initiative after 9/11, culminating in the December 2002 approval of security amendments to the International Convention for the Safety of Life at Sea (SOLAS) and an international Code for the Security of Ships and of Port Facilities, which spells out the security responsibilities of governments, ports, companies, and ships. These standards go into effect in 2004. Rapid and effective adoption of these standards worldwide will have significant benefits for the United States by enhancing the security of foreign vessels entering U.S. ports and by improving security of foreign ports visited by U.S. vessels. A U.S. voluntary contribution will support IMO technical assistance to countries to help them meet new security standards. It will also help fund IMO evaluations of flag state adherence to IMO standards under an audit program currently being implemented to enhance adherence to safety and environmental, as well as security, standards.

UN Environment Program (UNEP) (\$10,025,000)

UNEP is the world's largest international environmental organization, and it provides important value to the United States on two levels. First, UNEP is the primary policy forum at which the countries of the world meet to address critical emerging environmental threats. In this fashion, UNEP has launched a wide range of important negotiations, such as those dealing with depletion of the ozone layer, global warming, loss of biodiversity, the trade in hazardous wastes, and pollution from persistent organic pollutants and other toxic chemicals and pesticides. This type of international policy forum is essential for dealing with global environmental problems that a single country or region could not address unilaterally.

Second, UNEP sponsors a wide range of environmental programs, many of which are important for U.S. interests. We strongly support UNEP's regional seas program, which helps address marine pollution and protects ecosystems around the globe, as well as its Division of Early Warning and Assessment, which identifies global and regional environmental problems. U.S. agencies coordinate and partner with these UNEP programs to foster environmental improvements. UNEP's Chemicals Unit has done a superb job in supporting work to develop new international agreements in this field to address emerging problems of concern to the U.S. such as mercury pollution. Other important UNEP programs include its support for the development of strong environmental laws and regulations, and enforcement in developing countries, its promotion of best available environmental technologies, and its work to identify the problems associated with air pollution in Asia (the so-called Atmospheric Brown Cloud).

Montreal Protocol Multilateral Fund (\$21,500,000)

The Department is requesting \$21,500,000 for the Montreal Protocol Multilateral Fund, which represents over 50 percent of the likely overall U.S. contribution of \$35 million. The U.S. contribution to the Montreal Protocol would 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 animals, as well as harmful alterations to global ecosystems. Since the inception of the Fund, over \$1,200,000,000 in assistance for agreed incremental costs has been provided in over 3,500 projects to more than 120 developing countries. When fully implemented, these projects will result in the permanent elimination of over 140,000 tons of ozone depleting substances. Obligations taken on by both developed and developing countries to the Protocol are expected to bring the ozone layer back to its pre-industrial state sometime around 2050.

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 phase-out 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 (\$6,225,000)

Many developing countries face the daunting challenge of improving their standard of living 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 help address these problems by providing the means, policy approaches, and technical expertise to assist developing countries in building their capacity to conserve and sustainably manage vital ecological and economic natural resources. In some cases, modest U.S. contributions leverage 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. expertise and technical know how. These international programs include:

- The World Conservation Union (IUCN) is the foremost scientific 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 is helping advance emerging U.S. priority issues, such as addressing the ecological and economic damage caused by invasive species – the single greatest cause of habitat destruction after land conversion. 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 conserving tropical forests, coral reefs, endangered species, and combating invasive alien species.
- The International Tropical Timber Organization (ITTO) is the only international forum which brings together both producing and consuming countries of tropical timber to address all aspects of the tropical timber economy, including promotion of market transparency and sustainable management of the tropical forest resource base. Its 54 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. Based on our experience, the modest annual U.S. contribution leverages six to ten times that amount in project co-financing from other major ITTO donors (Japan, Switzerland, Netherlands) and is allocated for projects of high priority to the United States.
- The Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES), concluded in Washington, DC, is the only treaty that monitors and regulates the international trade in species that are determined by the 154 parties to be threatened with extinction within their natural range, such as elephants, rhinoceros and many crocodilia. CITES advances U.S. environmental goals of preserving global biodiversity and important wildlife and plant species while affording possibilities for their sustainable development. The United States is a founding member of CITES and has significant influence in the decision-making process. The United States is serving currently as chair of the Standing Committee, which develops recommendations for the biennial Conference of Parties.
- The Ramsar Convention on Wetlands of International Importance provides the only global framework for national action and international cooperation for the conservation and wise use of wetland resources. In addition to information sharing and providing technical assistance to member states, the 135 parties to Ramsar have designated, with the cooperation of host governments, over 1,000 sites for inclusion in the Ramsar list of Wetlands of International Importance. The modest U.S. contribution to the Convention helps to support the core budget of the Convention and funds a U.S. -initiated wetlands training and capacity building grants program for the Western Hemisphere. The United States maintains a decision-making role in the grants funded under this initiative.
- The U.S. -inspired UN Forum on Forests (UNFF) was established in 2000 as a subsidiary body of the Economic and Social Council (ECOSOC), with the mandate to facilitate sustainable forest management, raise the standards of other countries to U.S. levels, and enhance cooperation and coordination among the many international organizations and treaties related to forest issues. 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 existence of the UNFF has also allowed the U.S. to stave off pressure to

negotiate a new global forest treaty, which would require substantially more financial commitment and would adversely impact both U.S. environmental and economic goals.

- The Convention to Combat Desertification (CCD) 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, and NGOs, encouraging the dissemination of information derived from new technology. The United States became a party in February 2001, which has provided an excellent opportunity to share extensive U.S. experiences and expertise in addressing desertification.
- 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 internationally agreed criteria and indicators worldwide. U.S. industry and the 50 states are actively engaged in the Montreal Process.
- The goals of the National Forest Program Facility of the Food and Agriculture Organization of the UN (FAO) are to integrate sustainable forest management into broader national policies to promote sustainable livelihoods and to build consensus among stakeholders on how to address forest issues in the context of sustainable development. The Facility offers grants for selected activities emphasizing practical efforts, participatory processes, informed decision-making, and public-private partnerships. It is hosted by the FAO and financed via a Multi-donor Trust Fund managed by FAO. U.S. contributions to the Facility would finance activities of high priority to the U.S., such as promoting good governance, improving forest law enforcement, and monitoring and assessing forest conditions.

Intergovernmental Panel on Climate Change (IPCC) / UN Framework Convention on Climate Change (UNFCCC) (\$5,600,000)

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 cooperative approaches toward addressing climate change. U.S. participation in the IPCC and UNFCCC helps ensure that U.S. approaches are reflected in the global effort to address climate change, and that these international efforts are science-based and consistent with U.S. environmental and economic interests.

The FY 2005 budget request for the IPCC and UNFCCC would be used to provide support to IPCC core activities and programs; the UNFCCC administrative budget for the 2004-05 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.

U.S. participation in and support for the UNFCCC helps advance specific Administration initiatives regarding technology transfer to and capacity-building in developing countries, as well as the enhancement of bilateral climate change cooperation. U.S. participation in and support for the IPCC helps advance specific Administration initiatives regarding climate change science and technology, including global observation systems, carbon sequestration, and climate modeling.

International Contributions for Scientific, Educational & Cultural Activities (ICSECA) (\$500,000)

The FY 2005 request would provide for continued U.S. participation in the World Heritage Committee (WHC). As a States Party to the World Heritage Convention, the United States opted to pay voluntary contributions rather than agree to a fixed assessment. The U.S. contribution would be used to support technical assistance to countries for the protection and preservation of their world heritage sites and for emergency assistance to stabilize World Heritage sites and for related preservation purposes.

For the coordination of international ocean science programs of critical interest to the United States, ICSECA funding would continue to support the unique mandate and role of the Intergovernmental Oceanographic Commission (IOC), which the United States supported throughout its 18-year absence from UNESCO.

World Meteorological Organization (WMO) Voluntary Cooperation Program (\$2,000,000)

Since its inception in 1967, the WMO's Voluntary Cooperation Program has provided 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 better 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. WMO/VCP activities are managed by the National Weather Service and coordinated with organizations such as ICAO, IMO, FAO, the World Bank, and the European Union, as well as bilateral and other regional partners.

United Nations Children's Fund (UNICEF) (\$120,000,000)

Since its creation in 1946, UNICEF has not only retained its responsibilities for children in emergency situations but also has become the pre-eminent long-term development fund addressing the needs of children and their caregivers. The FY 2005 U.S. contribution to UNICEF would provide assistance directly to the world's neediest children, and contribute to the development of local capacity to help meet basic needs in maternal and child survival and health care, sanitation, clean water, nutrition, primary education, HIV/AIDS prevention, care of HIV/AIDS orphans, and child protection (child labor, child soldiers, and the commercial sexual exploitation of children). UNICEF has some 6,000 staff in the field and is active in 162 countries. Its development work complements USAID's Child Survival programs and the Center for Disease Control and Prevention'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 Iraq, Sudan, Iran, Liberia, Ethiopia, and Afghanistan. U.S. contributions to UNICEF advance the strategic goals of humanitarian response; economic development and environmental protection; and promoting regional stability and democracy.

UN Development Program (UNDP) (\$90,000,000)

UNDP is the primary development agency in the UN system. UNDP implements programs in over 170 countries, focusing on poverty, democracy, environment and sustainable development, crisis prevention, and HIV/AIDS. Its programs generally support U.S. strategic interests including economic development, democracy, 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). UNDP is present in most of the poorest countries and in those with the weakest governments. It assists these countries in developing the type of democratic governance and open and transparent institutions that can qualify them to participate in the President's Millennium Challenge Account.

UNDP has increasingly engaged in post-conflict situations. It has major reconstruction responsibilities in, among other areas, East Timor and Afghanistan, and perhaps may have responsibilities in Iraq in the future. A strong UNDP is the best way to counter efforts to put "peace building" activities into assessed accounts. UNDP is a valuable partner in the Administration's efforts to avert major crises, including terrorism, extreme poverty, devastating diseases and environmental degradation, through effectively applied economic assistance. The FY 2005 request would ensure that UNDP is able to perform this role while maintaining its important governance and capacity building assistance to governments in the least developed countries.

Program Assessment Rating Tool (PART)/Performance Evaluation

For preparation of the FY 2005 budget, the Administration evaluated the Department's contribution to UNDP for the first time using the Program Assessment Rating Tool (PART). UNDP received a rating of results not demonstrated. The program scored well in program purpose and design: to provide central funding and coordination of UN activities that advance economic and social development and poverty eradication worldwide. The assessment also found that the program does have a limited number of long-term performance goals with ambitious targets and timeframes. However, the assessment noted a lack of measurable annual performance plan targets and efficiency measures and no link between budget requests and performance goals. An efficiency measure has now been created, and the State Department will work with UNDP to address other recommendations. The findings of the PART review were considered as a factor in the overall decision-making process for resources allocation to UNDP.

Corresponding performance information (key goals and targets) for UNDP can be found in the Performance Summary volume of the integrated performance budget presentation on pages 22, 175 and 287.

Key Indicator: Operational support costs decreasing as a percentage of total costs to allow for increased program commitments.

International Organizations and Programs
(\$ in thousands)

	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
International Organizations			
Center for Human Settlements	250	746	-
IMO Maritime Security Programs	-	-	100
International Civil Aviation Organization	300	994	1,000
International Conservation Programs	6,225	6,362	6,225
International Contributions for Scientific, Educational, and Cultural Activities	1,750	1,889	500
International Panel on Climate Change/UN Framework Convention on Climate Change	6,000	5,567	5,600
Montreal Protocol Multilateral Fund	23,000	20,876	21,500
OAS Development Assistance Programs	5,500	5,468	5,500
OAS Fund for Strengthening Democracy	3,356	2,982	2,500
OAS Special Mission in Haiti	-	4,971	-
Reserve to be Allocated	-	24,853	25,000
UN Children's Fund	-	119,292	120,000
UN Development Fund for Women	1,000	994	1,000
UN Development Program	100,000	101,398	90,000
UN Environment Program	10,500	10,935	10,025
UN High Commissioner, Human Rights	-	2,484	-
UN Voluntary Fund for Technical Cooperation in the Field of Human Rights	1,500	1,491	1,500
UN Voluntary Fund for Victims of Torture	5,000	5,468	5,000
World Coffee Organization	500	-	-
World Food Program	-	-	6,000
World Meteorological Organization	2,000	1,988	2,000
World Trade Organization	2,000	994	1,000
Subtotal - International Organizations	168,881	319,752	304,450
Total	168,881	319,752	304,450

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 2003 Actual	FY 2004 Estimate	FY 2005 Request
CSH	7,797	7,700	7,130
DA	4,568	3,600	4,544
ESF	3,825	3,479	3,000
IMET	152	100	300
NADR-HD	3,500	5,300	5,300
NADR-SALW	500	-	-
P.L. 480 Title II	104,545	22,723	9,501

The primary U.S. interests in Angola are democracy and human rights, economic growth and development, and global health. The end of Angola's civil war and the demilitarization of the National Union for the Total Independence of Angola (UNITA) have contributed markedly to stability in southern Africa and to the safety of American citizens, businesses and non-governmental organizations (NGOs) in Angola. Ensuring that the national reconciliation process moves forward successfully will contribute to placing the country on a positive road towards multi-party democracy, respect for human rights, and free-market economic reform. It will also aid in combating corruption and instituting economic good governance in the country. Stability can help ensure that the country's territory is not used as a base of operations for international terrorists, drug traffickers, and organized crime. Stability will also help ensure U.S. private-sector access to a source of seven percent of U.S. petroleum imports, a figure likely to rise in the coming years, and to one of sub-Saharan Africa's potential economic leaders. Angola was found eligible for Africa Growth and Opportunity Act (AGOA) trade benefits in December 2003.

The United States is actively engaged in bilateral and multilateral efforts to address the repercussions of the conflict in Angola and seeks to support the creation of the political, economic, and social foundations for sustainable development. U.S. assistance will help Angola expand economic reforms, political pluralism, transparency, and civil society; prepare for elections in 2005; and combat HIV/AIDS. Previous U.S. assistance has expanded prospects for economic and political reform and addressed Angola's humanitarian needs.

Democratization is key to long-term stability and a necessary precursor to increased sustainable growth and development. Current USG efforts through the Consortium for Elections and Political Party Strengthening (CEPPS), funded with Economic Support Funds (ESF), are focused on preparing Angola for its first post-war elections expected in 2005. In FY 2005, this cooperative arrangement between the International Republican Institute (IRI), the National Democratic Institute for International Affairs (NDI), and the International Foundation for Election Systems (IFES) will provide campaign and management training for political parties; lobbying, management, and election observation training to civil society groups; and training and material support to election administrators. Voice of America (VOA) - administered Angola broadcasting will continue to provide an independent source of domestic news through the elections. Global funding from the USAID Office of Transition Initiatives (OTI) will support independent media and civil society development through in-kind or direct procurement of supplies, training, and operational funding. Development Assistance (DA) funds will support civil society lobbying on key issues and provide additional electoral support through training and equipment purchases. Beyond the elections, ESF funding will continue to support judicial reform efforts by the Commercial Law Development Program (CLDP), and as appropriate, regional Human Rights and Democracy Funds (HRDF) will be used for programs to strengthen human rights protections, civil society, and/or national reconciliation. Ending the culture of

impunity among members of the police force and fostering a respect for universal human rights is vital for the development and well-being of all members of Angolan society.

Continued support to democratization in Angola is critical as we approach the nation's first post-war elections. Free and fair elections, contested by strong political parties and whose issues are framed by an active civil society, will help promote stability and reconciliation. An active independent media, vibrant civil society, and a strong judiciary are critical checks on executive power and an important component in combating corruption.

The Angolan Armed Forces (FAA) remains one of Africa's strongest militaries with a demonstrated ability to project power beyond Angola's borders. Constructive utilization of the FAA in peacekeeping abroad and civic missions at home is critical to its transformation to an apolitical, constructive player promoting domestic and regional stability. An increased FAA capacity to secure maritime borders will protect fishing and oil resources and help prevent the country's use as a transit point for terrorists and illegal drugs. International Military Education and Training (IMET) in FY 2005 will promote greater awareness of democracy, human rights, the rule of law, and effective civil military relations. IMET will also provide training in defense resource management, English, peacekeeping skills, and basic technical skills such as ordnance maintenance and disposal, and coast guard management. Angola will be eligible in FY 2005 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Equipment requested under this program will be used to support the FAA's civic action and humanitarian programs.

Over four million Angolans were displaced during the civil war. Their resettlement and reintegration into society is critical to economic growth and development. FY 2005 DA funds will provide farmers with seeds and tools, train rural populations in modern agricultural practices, provide agricultural extension services, and reconstruct small-scale irrigation canals, feeder roads and other infrastructure. DA will also be used to enhance small-scale farmers' access to markets, stimulate off-season vegetable production, facilitate access to agricultural financing credit, and provide training in contract negotiation, quality control and post-harvest loss management. The program will promote the substitution of imported commodities with those produced locally, revitalizing rural economies and improving the food security of subsistence farmers. DA funds will be supplemented by resources from ChevronTexaco as part of a public-private partnership. P.L. 480 Title II resources will support an ongoing developmental relief program incorporating DA and ChevronTexaco funds. This program is moving towards more development-oriented food security programs. P.L. 480 Title II resources will support food distribution and food-for-work programs to stabilize formerly distressed populations nationwide. As necessary, global Migration and Refugee Assistance (MRA) and Emergency Migration and Refugee Assistance (EMRA) funds will be used to support UNHCR's Angolan refugee repatriation program and to help NGOs assist returned refugees. Office of U.S. Foreign Disaster Assistance funds will continue to be used as needed to provide humanitarian services to vulnerable populations.

Continued focus on agriculture and rural development, particularly in the central highlands is critical to rebuilding the war-ravaged Angolan economy. A thriving rural agricultural sector is key to providing employment and livelihoods for the millions of rural Angolans not participating in the country's oil boom.

Achieving sustainable growth requires the rehabilitation of Angolan infrastructure and industry that can only come through foreign and domestic investment and trade. This requires significant effort to improve the overall business climate. ESF will be used to fund continued work on land tenure, including demarcation of land claims and implementation of a new land tenure law. ESF will also fund policy analysis work by local research institutions designed to provide recommendations to policy makers on improving overall economic management and the legal and regulatory framework for trade and investment. In addition, ESF will fund work by CLDP to identify economic sectors offering promising potential and to

provide advice and support to the Angolan Government necessary to achieve the development of such sectors.

Prior USG assistance in this area has resulted in civil society engagement on the land tenure issue, leading to a new draft land law and revision of the country's outdated investment law. Continued support is critical to sustainable development. Revitalizing non-petroleum sectors, particularly in urban and peri-urban areas is key to providing productive employment to the millions who fled to these areas during the war and wish to remain. Strengthening local capacity in economic analysis will help to pressure the government to improve its management record and increase transparency and accountability.

Decades of civil war have destroyed the Angolan health system, and the country has some of the worst health indicators in the world. The HIV/AIDS prevalence rate of 5.5 percent is projected to grow as cross-border regional trade increases. FY 2005 Child Survival and Health (CSH) funds will support maternal and child health (MCH) and HIV/AIDS programs aimed at reducing maternal and child mortality and decreasing the incidence of HIV/AIDS among target populations. The MCH component supports activities to monitor and eradicate polio, lessen the impact of malaria among pregnant women and children, and build the capacity of Angola's Ministry of Health (MOH) to provide MCH services. The HIV/AIDS component will promote activities such as social marketing of condoms, behavior change communication, and voluntary counseling and testing for HI. Angola is not one of the 12 African countries targeted by the President's Emergency Plan for AIDS Relief; however, it is included as one of the USG bilateral countries.

Enhanced HIV/AIDS funding for Angola is critical in FY 2004 and FY 2005. Angola offers an opportunity to intervene while infection rates remain comparatively low, so as to prevent increased infections, which have caused mass socioeconomic disruption in southern Africa. With trade routes normalizing and refugees returning, Angola's past isolation will no longer protect it, and if left unchecked, its prevalence rate may soar.

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. FY 2005 Non-Proliferation, Anti-terrorism, Demining, and Related Programs - Humanitarian Demining (NADR-HD) funds will be used to continue demining efforts of NGOs that directly support the safety and survivability of the Angolan people and the resettlement/reintegration process.

Benin
(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
CSH	6,638	7,550	7,910
DA	9,403	7,430	7,077
IMET	382	500	250
P.L. 480 Title II	4,292	3,308	4,332
Peace Corps	2,809	2,667	2,972

The primary U.S. interests in Benin are strengthening democracy, responding to humanitarian problems (particularly the impact of HIV/AIDS), working cooperatively on regional security concerns and trafficking in persons. Our strategy for addressing these interests is to strengthen basic education with an emphasis on improving access to girls, support maternal and child health activities, promote the institutions of democracy, support economic reform and growth, and 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 important areas of U.S. interest.

In FY 2005, Development Assistance (DA) will focus on building the institutional capacity of Benin's civil society, and on promoting the rule of law and separation of governmental powers via technical assistance to legislative institutions. Child Survival and Health (CSH) funding will support governmental and 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. These traffickers often abuse the traditional practice of vidomegon, which involves the placing of less fortunate children in the homes of more fortunate relatives for education and welfare. In 2002, regional INCLE funds helped begin the process of building a repatriation center designed to assist children and other trafficked persons returning from neighboring countries. The Government of Benin has begun to reform inadequate laws and educate rural parents with the assistance of DA.

In FY 2005, International Military Education and Training (IMET) courses will fund Command and Staff College participation, civil-military relations, English language training, and technical specialty training. Benin is also expected to host an ACOTA (African Contingency Operations Training and Assistance) program in mid-2004. This training has been and will continue to be beneficial in providing Benin with the tools necessary to play its role in regional peacekeeping operations. In FY 2005, Benin will also be eligible to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. EDA will support Benin's participation in 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 also benefits from the Highly Indebted Poor Country Initiative and receives substantial debt reduction and stabilization assistance from multilateral lending institutions.

Botswana
(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
FMF	490	980	500
IMET	716	700	700
Peace Corps	1,236	1,509	1,788

The primary U.S. national interests in Botswana are global/humanitarian issues and democracy. Botswana is well recognized for taking action to confront the AIDS epidemic. As a member of the Southern African Development Community and as an exemplary market-oriented democracy, Botswana is an important player in regional stability and in supporting U. S. goals in Southern Africa. It has been helpful to the United States in fighting terrorism, particularly its financial aspects, and is a signatory to all 12 UN anti-terrorism conventions. Botswana cooperates with U.S. law enforcement agencies and hosts an International Law Enforcement Academy.

U.S. assistance efforts focus on expanding U.S. business opportunities, developing local capability to combat the HIV/AIDS epidemic and encouraging active leadership in the region. Botswana has an important role to play in regional security and conflict resolution matters. As a signatory to Article 98, Botswana will continue to receive assistance to help foster professionalism in its military.

Botswana is relatively prosperous in comparison to many of its neighbors and it “graduated” from bilateral Development Assistance (DA) programs in 1995. This does not mean, however, that it does not need assistance from its international partners, particularly in the face of the HIV/AIDS pandemic that threatens to undo many of the nation’s social and economic gains. 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 qualified for textile/apparel preferences under the African Growth and Opportunity Act (AGOA) in August 2001 and, in 2003, exported about \$5.5 million in apparel to the United States. Export of goods will be facilitated by the November 2003 signing of the Trans-Kalahari Corridor agreement with Namibia whereby goods are trucked to the Port of Walvis Bay under simplified shipping documentation.

U.S. government agencies, led by the Centers for Disease Control and Prevention, contributed about \$6.5 million in FY 2003 in programs designed to test for, prevent, or treat HIV/AIDS and related illnesses. Botswana has the highest reported per capita HIV prevalence rate in the world at 38.8 percent of adults aged 15-49. Life expectancy has been reduced from 69 to 39 years, and today’s 15-year-olds have a better than fifty percent chance of dying of HIV-related causes. The epidemic may reduce Botswana’s GDP growth rate by 1.5 percent. As one of the focus countries of the President’s Emergency Plan for AIDS Relief, Botswana will receive a portion of the \$1.45 billion requested for the Global HIV/AIDS Initiative account to expand comprehensive and integrated prevention, care and treatment programs. Country allocations of Global HIV/AIDS Initiative funds have yet to be finalized.

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-to-military relations, as well as improve their capacity to participate meaningfully in peacekeeping operations. The FY 2005 IMET program will continue to train Botswana Defense Force (BDF) officers.

Botswana will continue to receive Foreign Military Financing (FMF) in FY 2005. These funds will be used for C-130 parts and maintenance, allowing the BDF to more rapidly deploy troops for both peacekeeping and disaster relief. In addition, funds will provide equipment, including spare parts, communications equipment, and individual gear and training to assist the BDF in establishing a counter-terrorist and/or rapid response unit. Botswana will be eligible in FY 2005 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 2003 Actual	FY 2004 Estimate	FY 2005 Request
IMET	-	50	50
P.L. 480 Title II	6,493	5,211	11,526
Peace Corps	2,616	2,688	3,113

The primary U.S. national interest in Burkina Faso is to see that the Government of Burkina Faso contributes to regional stability. Other interests include: promoting democracy, responding to humanitarian crises, establishing respect for human rights, improving economic development, combating child labor, reducing poverty, and eradicating disease, including HIV/AIDS, which is now estimated to infect 6.5 percent of the adult population.

Burkina Faso continues to be among the poorest of African countries. This past year an abundant rainy season produced unusual surpluses of grains in an economy that is dominated by subsistence agriculture. While this is a positive development, it emphasizes how the country balances on a climatic knife's edge; the cycles of droughts and desertification have severely affected agricultural activities, population distribution, and economic development. Only 13 percent of the land is arable and the already- poor soil is degraded by overgrazing, depletion of nutrients, and deforestation.

The Government of Burkina Faso has ratified all of the 12 international anti-terrorism conventions, making Burkina Faso one of the few countries that has met the UN's call for speedy ratification of these conventions after the tragedies of September 11, 2001.

The United States continues to support economic development and democracy through a variety of targeted resources. The largest Ambassador's Self-Help Program in Africa provides grass-roots assistance in the building of schools, clinics, and water supplies; regional funds from USAID help combat the spread of HIV/AIDS; grants from the Democracy and Human Rights Fund in FY 2004 will continue to support distribution of materials in local languages on democracy, human rights, and rights under Burkinabe law. In FY 2003 Burkina Faso showed positive steps towards supporting regional stability and relinquishing its role as a hub for regional arms trafficking. In order to support these initiatives, FY 2005 International Military Education and Training (IMET) funds will provide opportunities for increased understanding and defense cooperation between the military forces of the United States and Burkina Faso. Our intention is to provide IMET funding for limited programs such as an English language training module in order to set the stage for courses in subsequent years that would reinforce basic democratic concepts such as civilian control of the military and respect for human rights within the military. The Peace Corps in Burkina Faso addresses the need for assistance in promoting health awareness, especially HIV/AIDS, math and science education at the secondary level, and small business development.

Burkina Faso is a member of the African Union (AU) and the Economic Community of West African States (ECOWAS) and was the fifth country in the Heavily Indebted Poor Countries Debt Reduction Initiative to reach its completion point and receive maximum debt forgiveness.

Burundi
(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
CSH	750	880	1,731
DA	4,400	1,782	1,543
ESF	1,150	3,479	3,250
IMET	-	100	50
P.L. 480 Title II	23,838	2,448	-

The primary U.S. national interests in Burundi are safeguarding U.S. citizens and their interests; promoting peace, democratic governance, and observance of human rights; alleviating conflict-based human suffering; and preventing the outbreak of widespread communally based violence.

Burundi finds itself at a promising political juncture. A peace accord with four major rebel groups in August 2000, and two political integration agreements, signed in October and November 2003, bringing the largest remaining rebel group into a transition government, has resulted in the effective cessation of hostilities in over 90 percent of the country. This progress offers Burundi an important opportunity to move forward and to ensure the strength of its democratic and economic development.

The United States' diplomatic and financial support for the Burundi peace process has played a key role in securing its progress. In prior years the United States has provided Economic Support Funds (ESF) under regional programs to support the peace negotiations in Tanzania, to aid conflict resolution throughout the country, and to augment the Implementation Monitoring Committee that oversees the implementation of the peace agreement. The United States has also supported the African Union Mission in Burundi, which is made up of South African, Ethiopian, and Mozambican soldiers and which helps to administer disarmament, demobilization and reintegration programs and secure the peace.

FY 2005 assistance goals will focus on supporting the peace process, expanding democratization across all sectors of society, providing basic social services, and fostering economic development. ESF will support peace and reconciliation efforts, judicial system reform and strengthening of the rule of law, the administration of elections, and civil society development through technical assistance and training for independent media. FY 2005 Child Survival and Health (CSH) funds will be used to expand the availability of basic social services and an integrated disease surveillance and response capability, focused on tuberculosis and malaria. CSH will also support polio immunization, infectious disease and HIV/AIDS prevention, and community-based care programs. In FY 2005 regional Migration and Refugee Assistance (MRA) funds will support UN High Commissioner for Refugees (UNHCR) operations with Burundian refugees, as well as individual non-governmental organization (NGO) efforts to prepare communities for the reintegration of refugees. Development Assistance (DA) funding in FY 2005 will expand opportunities for productive livelihoods in Burundi, focusing on rural Burundians who have inadequate access to enterprise development skills, to credit, and to technologies. DA funds will also support small infrastructure projects that protect natural resources. In addition, DA funding will continue to provide counseling and related services to victims of conflict, torture, and other abuse.

One component of the Burundi peace agreement requires the formation of a new, ethnically balanced military. As political and security conditions continue to evolve, particularly once elections occur and coup sanctions have been lifted, the United States will assist the military in its integration and reform efforts. FY 2005 International Military and Training (IMET) program funds will be used to provide high-level military personnel orientation tours of U.S. military training institutions and access to courses covering civil-military

relations, human rights, military justice, and the management of defense resources. Following free and fair elections, Burundi will be eligible in FY 2005 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. EDA grants will be used to reform Burundi's military.

The President determined that Burundi was not eligible to receive trade benefits under the African Growth and Opportunity Act (AGOA) in 2004.

Cameroon
(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
IMET	306	200	225
P.L. 480 Title II	100	-	-
Peace Corps	3,317	3,446	3,989

The primary U. S. national interests in Cameroon are promoting democracy, respect for human rights, and economic development. Though Cameroon has the largest and most diverse economy in the Central African sub-region, its democratic institutions are weak, corruption remains a real problem, and human rights abuses by Cameroon's security forces are a concern. Cameroon's strategic location and improving port facilities make it ideal as a base for regional programs.

Economic Support Funds (ESF) provided in past years through regional programs funded training for monitoring human rights issues. FY 2005 ESF grants, through the Africa Regional Fund, will be used for civil education activities and voter registration programs during the presidential election campaign.

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 2005 will be used for professional military development courses stressing resource management, civilian-military relations, officer professionalism, and English language proficiency. Support to the Cameroonian military promotes positive military-to-military relationships and increases understanding of the constructive role of the military in promoting civilian programs. IMET funds help ensure more ready access to Cameroonian air and port facilities.

Cameroon will also be eligible in FY 2005 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, peacekeeping and continuing military professionalization and modernization efforts.

Cape Verde
(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
IMET	143	120	120
P.L. 480 Title II	3,682	3,950	3,596
Peace Corps	1,437	1,553	1,692

Cape Verde is a model 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. Cape Verde has been an enthusiastic supporter of the war against terrorism; it has delivered full cooperation and adopted 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. Our food assistance has significantly reduced human suffering. Due to climatic limitations, Cape Verde must import up to 90 percent of its food. P.L. 480 Title II funds have been used to meet chronic problems of food insecurity. Funds generated by monetization have contributed to the development of improved agriculture techniques and higher yield crops. The program has succeeded in addressing food insecurity and promoting sustainable, profitable, economic activities, including a micro loan program with a payback rate of over 98 percent.

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 and assisting local governments to enter the Information Age. The services they provide are essential to the viability of some of Cape Verde's most important efforts to improve its standards of living and productivity. Added emphases will include vocational education and Internet instruction for youth and adults throughout the country.

After 27 years of independence, Cape Verde remains free of internal and external conflict, and its military consistently plays a constructive role in civil society. FY 2005 International Military Education and Training (IMET) funds will support officer development training programs, a low-cost investment to help ensure the continued professionalism and English language capabilities of Cape Verde's military under civilian, democratic leadership. In addition, IMET will support the establishment of a professional police unit within the military. Cape Verde's military can also access training programs specifically designed to increase its Coast Guard's ability to patrol territorial waters, which would improve its capabilities in drug interdiction, counter-terrorism, search and rescue, and disaster preparedness.

Cape Verde will be eligible in FY 2005 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Cape Verde is interested in EDA transfers and other U.S. assistance to enhance its ability to protect its fisheries, to combat drug smuggling, and to develop a rapid reaction anti-terrorism force for the international airport (which carries direct flights to the United States).

Cape Verde remains eligible for trade benefits under the African Growth and Opportunity Act (AGOA). Taking further advantage of this opportunity will boost economic growth and provide employment. Cape Verde has received substantial reductions in debt payments and associated stabilization assistance from multilateral lending institutions through the Heavily Indebted Poor Countries (HIPC) Initiative. The United States also is assisting Cape Verde's efforts to accede promptly to the World Trade Organization.

Central African Republic

(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
IMET	13	150	110
P.L. 480 Title II	204	289	-

Key U.S. interests in the Central African Republic (CAR) are the restoration of democracy, economic development, and humanitarian assistance. U.S. goals include the holding of free and fair elections and economic, political, and military reforms to promote democratic governance, including respect for human rights, and to prevent further instability in the CAR, which is undermining regional stability and encouraging military incursions.

For several years the CAR has suffered from political instability and coup attempts, culminating in General Bozize seizing power in March 2003 from democratically elected President Patasse. General Bozize appointed himself President, suspended the Constitution, and dissolved the National Assembly. He appointed a consultative National Transition Council, including political parties and civil society groups, to prepare for new elections in January 2005. Coup-related military and rebel actions have resulted in disruption of the economy, destruction of property, and a large out-flow of refugees into neighboring countries. Progress has been made in restoring order in the capital and a functioning government. However, civil unrest in response to the poor economic situation, the vulnerability of the CAR to interference from other countries, and other economic disruption resulting from the conflict continue to hinder the country's recovery. Moreover, the government has occasionally responded to continuing budgetary woes and resulting labor unrest by using its security forces to crack down on the country's free press, labor unions, and opposition party leaders, leading to human rights abuses.

CAR falls under coup sanctions, which prohibit assistance to the governments of any country whose duly elected head of government is deposed by decree or military coup, with the exception of assistance to promote democratic elections or public participation in democratic processes. If the CAR holds free and fair elections as promised in January 2005 International Military Education and Training (IMET) programs may be resumed. FY 2005 IMET programming would help promote basic democratic values and respect for human rights in the CAR's armed forces. IMET programs would include English language training, professional military education and training on civil/military relations, and military justice.

Chad
(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
IMET	253	150	225
NADR-HD	500	650	1,000
P.L. 480 Title II	5,050	2,829	2,741
Peace Corps	1,110	1,522	2,202

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. 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 transparency in the allocation of oil revenues and their use to 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 the Africa Regional Fund and the Education for Development and Democracy Initiative supported commercial law training and educational programs for girls. FY 2005 ESF grants from Africa Regional funds would provide partial support for Chad's next population census, training and equipment to the courts and the news media, and civics education in the schools.

Respect for human rights and appropriate civil/military relations will be supported through FY 2005 International Military Education and Training (IMET) programs for courses 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, encourage an apolitical role based on the rule of law within the Chadian military, and serve as a basis for future counter-terrorism and regional peacekeeping efforts. Chad is a participant in the Pan-Sahel Initiative, which will assist Mali, Niger, Mauritania, and Chad in protecting their borders, thus supporting the U.S. national security interests of waging war on terrorism and enhancing regional peace and security.

Chad will be eligible in FY 2005 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 2005 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 2003 Actual	FY 2004 Estimate	FY 2005 Request
IMET	-	-	50

The primary U.S. national interests in the Union of Comoros are promoting democracy and human rights, and obtaining counter-terrorism cooperation. The Comoros have been plagued by political instability through numerous coups and secession attempts since independence from France in 1975. In early 2001, with the assistance of the Organization of African Unity, the disputing factions crafted a framework agreement that called for a new constitution based on a confederation arrangement. In a December 2001 referendum, the electorate voted overwhelmingly in favor of the new constitution. The leader of the 1999 bloodless coup won the national presidential election in April 2002. President Azali signed a power-sharing agreement with the three island presidents in December 2003 that settles power sharing disputes and should assist in reducing the instability among the islands. This is a first step and additional efforts, primarily under the auspices of the United Nations, are underway to achieve the reunification and reconciliation envisioned by the constitution's confederation arrangement. Resolution of political instability and cooperation in counter-terrorism activities in the Union of Comoros are the foundation on which we will build to advance other U.S. interests in the Comoros.

The Comoros, a Muslim country with historic trade ties to the Middle East, condemned the September 11, 2001 terrorist attacks on the United States.

Re-educating military factions that have grown accustomed to participating in recurring cycles of armed insurrection is one of the greatest challenges in the Comoros. While Africa Regional ESF will target economic development programs, FY 2005 International Military Education and Training (IMET) programs will help build a professional military that respects civilian rule. These courses will include professional military education and training on civil-military relations, military justice and defense resources management. IMET training courses also will contribute to the maintenance of bilateral military-to-military relations in a predominantly Muslim country in which the United States has diplomatic presence.

Cote d'Ivoire
(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
IMET	-	50	50
P.L. 480 Title II	6,296	-	-
Peace Corps	948	-	-

The primary U.S. national interest in Cote d'Ivoire is regional and national stability. To that end, the principal goals are the restoration of peace, the return of civilian rule to areas occupied by rebel forces since September 2002, and the reunification of the country. Any long-term peace settlement will take time and resources. The involvement of ethnic nationals of neighboring countries and concerns for their safety has the potential to involve the entire region in the ongoing strife. Persistent reports of foreign involvement in the fighting contribute to the potential for the conflict to pull in neighboring countries. Following settlement of these issues, ongoing goals are strengthening democracy, restoring economic growth, dealing with refugees and Internally Displaced Persons (IDPs) resulting from regional instability, and combating the spread of HIV/AIDS and child trafficking. The United States will also selectively seek to more actively engage Côte d'Ivoire in the war on terrorism. Until September 2002, Côte d'Ivoire was West Africa's hub for aviation and banking, but now 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 organizations, including possibly Hizballah, with potential terrorist links are areas of concern

Coup sanctions prohibit provision of foreign assistance. However, with democratic elections in FY 2005, we would resume International Military and Education Training (IMET). IMET courses would focus on assisting Cote d'Ivoire's transition to a more stable democracy and would include a focus on human rights, defense resources management and military justice. Further, if Côte d'Ivoire completes its democratic transition, provision of Excess Defense Articles (EDA) in FY 2005 on a grant basis under Section 516 of the Foreign Assistance Act (FAA) may be used to support the country's efforts to secure its borders and to provide a tangible indication of our cooperative relationship. An Article 98 agreement is in effect with Cote d'Ivoire.

USAID has not had a bilateral presence in Côte d'Ivoire for many years because Cote d'Ivoire has a much higher average GDP than most African countries. Several regional programs (including ones to combat child trafficking and HIV/AIDS), as well as assistance to internally displaced persons and refugees, were active and will continue through non-governmental organizations in FY 2005.

As one of the focus countries of the President's Emergency Plan for AIDS Relief, Cote d'Ivoire will receive a portion of the \$1.45 billion requested for the Global HIV/AIDS Initiative account to expand comprehensive and integrated prevention, care and treatment programs. Country allocations of Global HIV/AIDS Initiative funds have yet to be finalized.

Côte d'Ivoire met the eligibility criteria for trade benefits under the African Growth and Opportunity Act (AGOA) in 2002 and was again certified as eligible in FY 2004 in hopes that AGOA would contribute to rebuilding the economy following a peace settlement.

Democratic Republic of Congo

(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
CSH	15,916	22,050	20,022
DA	11,376	8,015	7,427
ESF	2,800	4,971	5,000
IMET	-	100	50
P.L. 480 Title II	43,530	19,000	-

Consolidating peace, democratic reform and human rights (particularly those of women and other vulnerable groups) are the most significant U.S. interests in the Democratic Republic of Congo (DRC). Ending the humanitarian crisis, protecting American citizens, and advancing global issues including health and economic development are issues that will be addressed in pursuit of these interests. The installation of a transitional government in June 2003 and its focus on holding democratic elections in 2005, security sector reform, and a large disarmament, demobilization, and reintegration program have signaled a significant change for the DRC and the Great Lakes region as a whole. Complete and effective government control over all DRC territory, particularly the east, is still to be achieved, but progress is ongoing. As stability and peace start to return to the DRC and the Great Lakes region in general, political and economic reform have become the focus, attracting an increase in U.S. business investments in, and exports to, the DRC.

The United States worked with the international community to pursue a negotiated end to the war and a transition to democratic rule in the DRC. In 2002, Rwanda and Uganda withdrew most of their troops from DRC territory. In June 2003, the UN Security Council authorized an expanded UN peace keeping operation for the eastern DRC, under a Chapter VII mandate and with an increased troop ceiling. A transitional government, which included representatives from all the 1999 Lusaka Agreement signatory parties, as well as the political opposition and civil society, was sworn in July 2003. Outstanding issues including military integration, demobilization and reintegration, the transitional constitution and elections scheduled for 2005, are beginning to be addressed. With peace and security, large-scale refugee return may begin in late 2004/5. There are an estimated 355,000 DRC refugees in neighboring countries.

Returning one of Africa's largest countries to full peace and stability will require important U.S. investments aimed at jump-starting the reintegration of former combatants, establishing civilian control over vast territories, and promoting national reconciliation and good governance. FY 2005 Economic Support Funds (ESF) will offer important leverage to attract contributions from other donors and, when used in a timely manner, will help keep DRC's return to stability on track. FY 2005 ESF investments will also offer a crucial foothold for future U.S. interests in this resource-rich country.

As a follow-up to an International Military Education and Training (IMET) program newly established in FY 2004, FY 2005 IMET funds will provide training in military justice, human rights, officer and non-commissioned officer professionalism, and other functional areas. These training programs will assist in the continued integration and professionalization of the 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 DRC and the United States. Expanded International Military Education and Training (E-IMET) courses will focus on professional training and development in areas of civil-military relations, the rule of law, respect for human rights and defense resources management. The DRC is also eligible in FY 2005 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Grant EDA will be used to support efforts to

reform and restructure the military, assist with maintaining internal security and help the DRC begin preparations to participate in peacekeeping activities in the future.

FY 2005 Child Survival and Health (CSH) funds, programmed through non-governmental channels, will support child survival, maternal health and mortality, family planning, basic health, HIV/AIDS and other infectious diseases programs, as well as expand immunization coverage throughout the country. In FY 2005, Development Assistance (DA) funds will be used to support the transition to democracy, accountable governance, agriculture and food security, and environmental conservation efforts, as well as improvement in the quality of basic education.

As there has been progress in economic and political reforms, the President determined in 2002 that the DRC is eligible to receive trade benefits under the African Growth and Opportunity Act (AGOA), but full access of benefits had to wait the institution of the transitional government. In November 2003, the DRC received access to AGOA benefits.

Djibouti
(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
DA	2,000	-	-
ESF	-	-	2,000
ESF-SUP	25,000	-	-
FMF	8,150	5,990	4,000
FMF-SUP	5,000	-	-
IMET	154	325	325
NADR-HD	350	-	-
P.L. 480 Title II	3,348	-	-

The primary U.S. national interests in Djibouti are security, economic development and regional stability. Djibouti hosts the only U.S. military base in sub-Saharan Africa with over 1,000 U.S. military personnel at the headquarters for the Combined Joint Task Force-Horn of Africa (CJTF-HOA), which directs Coalition counter-terrorism operations in several countries in East Africa as well as Yemen. Djibouti hosts the largest French military base outside of France as well as naval and air contingents from France, Germany, Spain, and the United Kingdom. The latter comprise Combined Task Force -150, which patrols international waters in the Gulf of Aden and the Red Sea searching for terrorist activities. Djibouti's deep-water port strategic location next to the straits of Bab el Mandeb at the entrance to the Red Sea directly across the Gulf of Aden from the Arabian Peninsula affords excellent force projection features.

A predominantly Muslim country, an emerging democracy, and an Arab League member, Djibouti responded positively to U.S. requests to interdict terrorists, their supporters, and their financial resources. Djibouti stands shoulder-to-shoulder with the United States and its coalition partners as an African front-line state in the war on terrorism.

Djibouti has signed contractual agreements with the International Board of Broadcasters for the establishment of medium wave and FM Voice of America broadcasts, which will transmit Arabic language programs to Sudan and the Middle East. Two FM channels have begun broadcasting the VOA in Djibouti in Arabic, French and English. An Arabic language medium wave broadcasting station is under construction and should be finished by the end of calendar year 2004.

Djibouti is eligible to receive trade benefits under the African Growth and Opportunity Act (AGOA). This offers Djibouti--a low-income country almost devoid of natural resources--an opportunity to develop its trade and investment sectors to generate employment and revenue.

In FY 2002, regional Economic Support Funds (ESF) supported Djibouti's first multi-party parliamentary elections in which women participated for the first time and were elected to office. Supplemental ESF from FY 2003 will improve Djibouti's health and education sectors and help to establish a regional livestock certifying authority for Horn of Africa livestock exports. In FY 2005, small grants from the regional Democracy and Human Rights Fund (under the Development Assistance (DA) account) will be used to strengthen and consolidate democratic gains. This assistance will promote good governance, human rights, and improvements in women's education. FY 2005 bilateral ESF will also be used for these purposes, particularly to advance capacity building in the Justice Ministry and the electoral commission to promote more transparent elections. The U.S. Agency for International Development recently opened a country office in Djibouti and is working closely with other donors on critical healthcare and educational

needs. Particularly important is ensuring that the new national curriculum teach religious and ethnic tolerance.

In order to continue our robust military relationship and to prepare Djibouti's security forces for their role in Operation Enduring Freedom (OEF), the United States will use International Military Education and Training (IMET) funds in FY 2005 to promote professionalism and respect for civilian rule. IMET courses include instruction on civil-military relations, military justice, officer professionalism, defense resources management, and coastal security. Djibouti is eligible to receive Excess Defense Articles (EDA) in FY 2005 on a grant basis under Section 516 of the Foreign Assistance Act. Provision of grant EDA such as vehicles, radios, field equipment, patrol vessels and small craft can support counter-terrorism and other security requirements resulting from Djibouti's upgraded security profile as a front-line state in the war on terrorism.

Djibouti is also a major participant in the East Africa Counter-Terrorism Initiative (EACTI). A critical aim of the EACTI is to enhance border and coastal security; and to improve coordination within Coalition forces and with those of neighboring countries. FY 2005 FMF will be used to sustain these important efforts. Specifically, funds will provide and support defense articles and services such as: vehicles, small craft and patrol vessels, communications equipment, fencing, guard towers, and night-vision goggles. These funds will help Djibouti secure its borders and coastline from the increased threat of terrorism. By helping Djibouti improve its own security, these funds will also enhance force protection for Coalition forces there.

Equatorial Guinea

(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
IMET	-	50	50

The U.S. national interests in Equatorial Guinea are promoting democracy, human rights, economic prosperity, and energy security in the context of a flood of petroleum revenues to one of Africa's poorest countries. Democratic institutions are very weak. While the economy has experienced strong petroleum-based growth in recent years, fiscal discipline and transparency are lacking. The country's worker and human rights record is poor. Over the course of the past five years, U.S. companies have invested approximately \$5 billion in Equatorial Guinea's petroleum sector.

If the government of Equatorial Guinea takes appropriate steps to improve in the human rights area, FY 2005 International Military Education and Training (IMET) funds will be used to begin a program to contribute to respect for civilian rule and human rights through the development of a professional military. IMET will also support efforts to ensure regional stability and energy security by enhancing the military's ability to maintain control of its territorial waters. IMET programs will enhance contact between U.S. and Equatorial Guinea military forces and improve understanding and cooperation.

On December 30, 2002, the President declared Equatorial Guinea ineligible to receive trade benefits under the African Growth and Opportunity Act (AGOA) for 2004.

Eritrea
(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
CSH	5,600	5,050	5,605
DA	4,560	1,240	781
FMF	-	480	500
IMET	181	450	450
NADR-HD	2,400	1,300	-
P.L. 480 Title II	66,245	12,032	6,283

The primary U.S. national interests in Eritrea are democracy and human rights, humanitarian assistance, and counter-terrorism. The most important U.S. strategic goals include promoting regional stability through the consolidation of the Ethiopian-Eritrean peace process. The United States helped broker the Peace Agreement between Eritrea and Ethiopia following a 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. Eritrea is a coalition partner in the war on terrorism. The Eritrean military is ready to assist the counter-terrorism effort and has offered use of its facilities for logistical and/or operational purposes.

A strong bilateral relationship with Eritrea would be advantageous to both the United States and Eritrea. However, Eritrea's troubling record on democratization and human rights raises very serious concerns. Eritrea's deteriorating human rights and democracy performance as well as its role in the war on terrorism will both be taken into account in programming FY 2005 International Military Education and Training (IMET) and FY 2005 Foreign Military Funding (FMF) funds. FY 2005 IMET funds will provide training on civil-military relations, military justice, officer professionalism, and human rights. IMET may also include naval and coast guard courses in support of coastal security counter-terrorism cooperation. 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. FY 2005 FMF funds will finance procurement of coastal security and related counter-terrorism training and equipment assuring the Eritreans that they are an important participant in counter-terrorism activities.

The FY 2005 Development Assistance (DA) resources will finance economic growth, citizen participation, and agriculture. FY 2005 Child Survival and Health Programs (CSH) will support increased access to quality health care services, including safe births, immunization, and prevention of malaria and HIV/AIDS. The range of specific goals includes integrated management of childhood illness, HIV/AIDS prevention, malaria surveillance and addressing the acute shortage of health care personnel. The results of a recent demographic study indicate that Eritrea has made impressive progress in nearly all health indicators since independence ten years ago.

Eritrea was eligible for African Growth and Opportunity Act (AGOA) benefits last year but lost its ineligibility in December 2003 because of its poor performance.

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.

Eritrea will be eligible to receive Excess Defense Articles (EDA) in FY 2005 on a grant basis under Section 516 of the Foreign Assistance Act. EDA will be used to help strengthen Eritrea's demining and counter-terrorism programs by providing such items as vehicles and field equipment.

Ethiopia
(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
CSH	30,752	34,500	39,191
DA	19,686	18,263	15,529
ESF	1,075	4,971	5,000
FMF	4,000	2,480	2,000
IMET	210	570	600
NADR-HD	300	-	-
P.L. 480 Title II	352,248	74,485	25,630

Primary U.S. interests in Ethiopia include ensuring counter-terrorism support, promoting economic growth, fostering democracy and respect for human rights, supporting regional stability, and alleviating human suffering. 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. Development assistance is aimed at reducing chronic food insecurity through enhanced economic growth, improving basic education and family health services, promoting good governance, and mitigating the effects of disaster. Finally, it is in the U.S. interest to assist Ethiopia to combat the devastating effect of the AIDS pandemic; 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 recurrent drought conditions, makes it difficult for the country to feed its relatively large population. Past U.S. food assistance has saved millions of lives. However, the current drought-induced food shortage in Ethiopia has left approximately 12 million people in need of food assistance in Fiscal Year 2004. The long-term effects of the food crisis will continue to be felt in FY 2005.

The most important short-term goal of the United States is the demarcation of the Ethiopia-Eritrea boundary and full implementation of the peace agreement between the two antagonists. Renewed conflict would set back U.S. bilateral relations with Ethiopia as well as negatively affect the region. The border conflict left a residue of bitterness and division among the people of these formerly friendly nations. Peaceful transfers of power, renewal of economic activity across the border area, and consequent confidence building, will be the first steps toward normalization of relations between them. Economic Support Funds (ESF) are being used to facilitate reconstruction and resettlement along the Ethiopia-Eritrea border.

Ethiopia anchors regional organizations and programs such as the Intergovernmental Authority on Development (IGAD), the Greater Horn of Africa Initiative, the World Bank's Nile Basin Initiative, and the headquarters of the African Union. 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.

A long-term U.S. goal is to eradicate sources of terrorism in the region in order to protect U.S. national security. Ethiopia has provided outstanding cooperation in the war on terrorism. Ethiopia enhanced security for the U.S. Embassy, shut down avenues of terrorist funding, and is cooperating in the effort to counter terrorism in and emanating from Somalia. FY 2005 ESF funds will finance programs on good

governance and civil society advocacy issues, including preparatory work for the 2005 parliamentary elections, anti-corruption activities, trade competitiveness, reform of the banking and capital market systems, and further programs for confidence building and economic growth in conflict-prone areas.

Ethiopia has a large and very professional military that has provided support for the war on terrorism and is emerging as a major peacekeeping contributor in Africa. The United States will continue to encourage Ethiopia to participate in regional peacekeeping initiatives, principally through the African Contingency Operations Training and Assistance (ACOTA) Program. In FY 2005, IMET funds will be used for training that will further increase the professionalism of the Ethiopian military, focusing on senior level Professional Military Education courses (War College and Command and General Staff level schools) and instructor training to assist in the development of Ethiopia's own military training institutes. FY 2005 Foreign Military Financing (FMF) will be used to provide Ethiopia with additional equipment to increase its counter-terrorism and peacekeeping abilities and to finance the existing vehicle and C-130 aircraft contracts. Ethiopia is eligible in FY 2005 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. EDA will be requested to enhance Ethiopia's ability to control its borders with Sudan and Somalia, execute humanitarian mine action operations and participate in regional peacekeeping missions.

In FY 2005, 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 programs on the poorest rural households, using both DA and innovative programming of P.L. 480 resources. The latter will assist micro-enterprise development at the community level, and food for education will encourage families to keep primary school-age children in school. The Democracy and Governance program will continue to train judges - an important 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.

FY 2005 Child Survival and Health (CSH)-funded population programs will continue to assist family planning efforts to slow Ethiopia's population growth, which at present outstrips the growth of agricultural production. CSH funds also will be used to improve family health and maternal and child nutrition, and to combat infectious diseases. As one of the focus countries of the President's Emergency Plan for AIDS Relief, Ethiopia will receive a portion of the \$1.45 billion requested for the Global HIV/AIDS Initiative account to expand comprehensive and integrated prevention, care and treatment programs. Country allocations of Global HIV/AIDS Initiative funds have yet to be finalized. In FY 2005, the U.S. Agency for International Development (USAID), the Centers for Disease Control, and the Department of Defense will expand to combat HIV/AIDS through integrated programs in prevention, care, and support. A country strategy for this effort will include activities focused on mother-to-child transmission and orphans. A notable success in this area is the cross-border program to stem the spread of HIV/AIDS along the Djibouti to Addis corridor being implemented by an international non-governmental organization present in both Ethiopia and Djibouti.

Gabon
(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
IMET	233	160	210
Peace Corps	2,498	2,797	2,653

U.S. national interests in Gabon are democracy, human rights, economic prosperity, the protection of American citizens, and the conservation, through responsible management and sustainable use, of rich environmental resources. 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 U.S. -Gabonese cooperation in combined military exercises and training between the two countries. 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 seeks 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. 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 enhances Gabon's peacekeeping capacity. The FY 2005 International Military Education and Training (IMET) program will increase understanding and defense cooperation between the United States and Gabon through programs in military justice, staff training, defense resources management, military health affairs, officer and non-commissioned officer professionalism, and English language training.

Gabon is eligible in FY 2005 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 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).

Gambia
(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
IMET	68	100	75
P.L. 480 Title II	1,475	-	-
Peace Corps	1,961	1,655	2,266

The major U.S. interests in The Gambia are democracy, human rights and humanitarian concerns. The Gambia's presidential and legislative elections in 2001 and 2002 were internationally recognized as free and fair, despite some shortcomings. Recognizing The Gambia's progress in consolidating its constitutional democracy in 2002, the United States lifted sanctions resulting from Section 508 of the Foreign Assistance Act and made it eligible for African Growth and Opportunity Act (AGOA) benefits. The President of The Gambia, Yahya Jammeh, spoke out strongly in support of the war on terrorism and has instituted laws to block terrorist financing. The Gambia was among the first countries in Africa to sign an Article 98 agreement with the United States. 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 will focus on support for democratization, market-based economic reforms, and humanitarian assistance. U.S. assistance will support efforts to maintain a strong independent media. Assistance will also be targeted to strengthening the role of the National Assembly.

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.

FY 2005 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, officer professionalization and civic action and humanitarian response. The Gambia is eligible in FY 2005 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Provision of grant EDA may be used to support The Gambia's participation in peacekeeping operations. Gambian troops play an important role in regional peacekeeping missions, including a company of Gambians that currently guards the headquarters of the United Nations Mission in Liberia (UNMIL). Previously, Gambians have participated in peacekeeping missions in Sierra Leone, East Timor, Kosovo and the ECOMOG mission to Liberia in the early 1990s.

The Gambia is a member of the Economic Community of West African States (ECOWAS) and the African Union (AU). It has received substantial reductions in debt payments and associated stabilization assistance from multilateral lending institutions through the Heavily Indebted Poor Countries Initiative.

Ghana
(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
CSH	19,150	18,620	18,560
DA	20,716	14,879	11,500
FMF	490	480	500
IMET	522	500	575
P.L. 480 Title II	20,345	14,177	17,189
Peace Corps	2,730	2,565	3,010

The primary U.S. interests in Ghana are democracy, human rights and humanitarian concerns, particularly HIV/AIDS, and regional security. Ghana is the fourth largest market for U.S. exports in sub-Saharan Africa and has the capability of attracting new U.S. investment. Its successful series of multi-party elections over the last decade make Ghana a model for regional stability. Ghana also has a proud history of military professionalism and peacekeeping, especially in West Africa, a tradition that continues with Ghana's January 2003 contribution to the ECOWAS peacekeeping force in Cote d'Ivoire, and its summer 2003 deployment to Liberia to participate in the UN peacekeeping mission there. Ghana's national HIV/AIDS rate of infection is close to four percent.

FY 2005 Child Survival and Health (CSH) funding 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. CSH will support activities to reduce the rate of HIV/AIDS transmission through aggressive workplace-based education of workers and employers. HIV/AIDS resources will focus on training community health non-governmental organizations (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. CSH will also fund childhood immunizations, continue the development of an Integrated Disease Surveillance system, and combat malaria in concert with the Ministry of Health.

FY 2005 Development Assistance (DA) funds will be used to tackle corruption and governmental transparency issues. DA funds will help promote fiscal reform, plan financial/exchange rate market reforms, establish commercial dispute mediation services, and promote investment-oriented regulatory reforms. DA funds will also be used to strengthen the advocacy role and participation of civil society in governmental decision-making, help strengthen local government and parliament, and improve the quality of, and access to, basic education.

Peace Corps assignments will support the priorities of HIV/AIDS and educational reform efforts.

In FY 2005, the International Military Education and Training (IMET) program will continue to enhance the professional, technical, and tactical proficiency of members of Ghana's Armed Forces through U.S. Professional Military Education courses. IMET will focus on the development of effective civilian (Defense Ministry and Parliament) oversight of the military and efficient defense resource management. IMET enhances the armed forces' ability to participate effectively in peace support operations.

In FY 2005, Foreign Military Financing (FMF) will be used to purchase transport spares, rifles, communications equipment and maintenance support to strengthen Ghana's capabilities to conduct peacekeeping operations and counter-terrorist activities. In 2002, through the Excess Defense Articles (EDA) program, Ghana received naval transports that helped it sustain its peacekeeping role in Sierra Leone

and to evacuate Ghanaian civilians from Liberia during the recent crisis. The transports have also helped Ghana reduce smuggling and illegal fishing in its territorial waters. Ghana is eligible in FY 2005 to receive EDA on a grant basis under Section 516 of the Foreign Assistance Act.

The African Contingency Operations Training and Assistance program (ACOTA), the successor to the African Crisis Response Initiative (ACRI), will provide training 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 Peacekeeping Operations (PKO) funds will continue to support development of the Ghanaian/West African capacity to manage crises and sustain peacekeeping operations. IMET, ACOTA training, and FMF were all crucial in providing Ghana the equipment, training and ability to deploy a robust, professional peacekeeping unit to Cote d'Ivoire in early 2003 and Liberia in August 2003. An ACOTA-provided computer simulations center is used to provide PKO commander and staff training at the Kofi Annan International Peacekeeping Center.

The Enhanced International Peacekeeping Capabilities Program (EIPC) will provide training and equipment for the PKO training program, under the auspices of ECOWAS, at the Kofi Annan Center.

Ghana is eligible under the African Growth and Opportunity Act to export apparel to the U.S. market. Ghana's qualification for this legal provision is already providing new job-creating private investment and boosting U.S.-Ghana trade.

Ghana cooperates closely with the United States and is a member of the African Union (AU) and the Economic Community of West African States (ECOWAS). Ghana is a recipient of Highly Indebted Poor Countries debt reduction assistance and has already received substantial reductions in international debt payments (\$3.7 billion over the next 8-20 years). Ghana is working closely with multilateral lending institutions to help it transition to a more market-driven economic system.

Guinea
(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
CSH	6,860	6,600	6,202
DA	16,717	11,827	10,888
IMET	210	350	350
NADR-SALW	50	-	-
P.L. 480 Title II	9,809	7,685	4,453
Peace Corps	2,424	2,500	2,663

The primary U.S. national interests in Guinea continue to be humanitarian response 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 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. anti-terrorism initiatives and has ratified eleven United Nation conventions on terrorism.

The bilateral assistance program focuses on: improving natural resources management and incomes in rural areas; providing quality basic education to a larger percentage of Guinean children, with emphasis on girls and rural children; improving the health and welfare of women and children, and preventing the transmission of HIV/AIDS; and fostering progress in democracy by bolstering civil society organizations, transparent good governance at the local level, and strengthening electoral practices and conduct. FY 2005 Development Assistance (DA) funding will address local capacity building, sustainable agricultural production, and off-farm income-generating activities to support food security and economic growth in target communities, while fostering a supportive policy environment. DA funds will support Guinea's Ministry of Education in providing quality primary education to Guinea's 1.4 million children, through technical assistance, teacher training, instructional materials, interactive radio instruction, and reinforcement of civil society organizations such as Parent/Teacher Associations. The monies also will target citizen participation in improving local governance and fund civic education programs throughout the country. FY 2005 Child Survival and Health (CSH) funds will boost the routine immunization program for children, increase access to oral rehydration salts and Vitamin A, increase access to high-quality treatment for sexually transmitted infections, promote better family planning, and support behavior change communication interventions in areas of the country with high-prevalence of HIV/AIDS. The Peace Corps continues to play an active role in health care and education. Regional Special Self Help (SSH) funds will continue to support regional grants for community development activities in conjunction with local organizations. Similarly, the Democracy and Human Rights Fund (DHRF) will continue to be used to provide assistance to local non-governmental organizations (NGOs) in reinforcing democratic values and human rights.

In FY 2005, the International Military Education and Training (IMET) program will continue to emphasize the military's role as an institution that is accountable to the public. IMET courses will focus on civilian control of the military and respect for basic human rights, through training and seminars involving the military, civilian leaders and NGOs. The HIV/AIDS Prevention Program (DHAPP) was launched in 2003 in the Guinean Armed Forces. In FY 2005, the program's objectives will be the establishment of a HIV/AIDS policy for the Guinean military, peer education, promotion of HIV awareness, creation of voluntary counseling and testing facilities, and behavior change in military personnel. Guinea is eligible in 2005 to receive Excess Defense Articles on a grant basis under Section 516 of the Foreign Assistance Act.

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, hold transparent and free elections and discontinue support to the Liberian United for Reconciliation and Democracy (LURD) rebel group. In addition, Guinea needs to pursue sound economic management policies, implement a poverty reduction program, and insure that investors benefit from transparent rule of law.

Guinea-Bissau
(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
IMET	77	100	100
NADR-HD	225	-	-
P.L. 480 Title II	1,670	-	-

Struggling to re-emerge as a democratic society following a two-year internal conflict, Guinea-Bissau has ruined infrastructure, bankrupt public finance, widely dispersed unexploded ordinance and landmines, and months of salary arrears owed to public employees. Following a bloodless coup on September 14, 2003, a Committee for the Restoration of Constitutional Order and Democracy was established. On September 25, a civilian President and Prime Minister were sworn into office. In December the new government announced that legislative elections would be held March 28, 2004. The coup triggered Section 508 sanctions on all direct government-to-government aid. Stability in Guinea-Bissau is important to regional stability due to its porous borders and its historical ties to separatist groups in Senegal's Casamance region.

The International Military Education and Training (IMET) program has been suspended until such time as free and fair elections bring an elected government to power. Guinea-Bissau has signed but not ratified the Rome Statute and does not have an Article 98 agreement with the United States. Upon successful elections later this year and an Article 98 agreement, we hope to resume IMET in FY 2005.

Regional Economic Support Funds (ESF) and Development Assistance (DA) support a project by a U.S. NGO, Enterprise Works, to train local entrepreneurs in improved techniques for cashew processing and marketing, and helping with local production of machines and equipment needed to process cashews for market. The program significantly increases the value added from cashews and provides labor for hundreds of Bissau-Guineans.

The Ambassador's Special Self-Help fund supports several local development projects each year. Democracy and Human Rights Fund projects for FY 2004 and 2005 are necessary to improve capacity in the justice system, combat female genital mutilation, and other goals.

Guinea-Bissau is a member of the Economic Community of West African States (ECOWAS) and the African Union (AU). Guinea-Bissau has received substantial reductions in debt payments and associated stabilization assistance from multilateral lending institutions through the Heavily Indebted Poor Countries Initiative (HIPC), but its program has gone off-track. Discussions are currently underway with the IMF and Paris Club donors to establish HIPC completion point conditions to qualify for further debt relief.

While Guinea-Bissau remains eligible for trade benefits under AGOA, it lacks the business expertise and technical capacity to develop AGOA-related exports.

Kenya
(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
CSH	36,488	34,100	31,962
DA	14,183	10,010	12,171
ESF	2,950	7,953	8,000
FMF	1,000	6,250	7,000
IMET	596	600	650
NADR-ATA	622	-	4,000
NADR-EXBS	-	1,088	50
P.L. 480 Title II	34,664	14,682	14,662
Peace Corps	3,318	2,942	3,635

National security, improved governance and economic growth, reduction of disease and poverty, and promotion of human rights are the United States' principal interests in Kenya.

Kenya is the linchpin of East African stability and security. Kenyan support for the war on terrorism has been solid and wholehearted, a reflection of national values, and a recognition that Kenya has twice been a target of al Qaeda bombs, which murdered 231 Kenyans in 1998. Kenya remains a principal point of access for U.S. military and relief operations within the region. An important partner in the global war on terrorism, Kenya also demonstrates regional leadership in peacekeeping and diplomacy. Kenya is among the United Nations' top troop-contributing nations, taking on difficult assignments such as Sierra Leone and Ethiopia-Eritrea.

In late 2002, Kenya undertook its most important political transition when Opposition Leader Mwai Kibaki, chosen in multiparty elections, assumed the presidency from former President Daniel arap Moi. This democratic transition was free, fair, and without significant violence, strengthening liberty and human rights for Kenya's 30 million people. Since that time, the new government has undertaken substantial efforts on counterterrorism, and an antiterrorism bill is pending. The Kenyan government has also begun efforts on several key governance issues.

Kenya remains the engine of East African economic growth, despite a recent history of economic stagnation and corruption, and is the region's transportation and communication hub. President Kibaki and his cabinet have made clear their commitment to the improvement of governance, essential to allow renewed economic growth. The United States and other donors are committed to assist in this effort as long as the Kenyan government demonstrates the political will to transform its intention into concrete action.

Sustained International Military Education and Training (IMET) funding and continued access to Foreign Military Financing (FMF) funds will enhance Kenya's ability to protect its borders and coastal areas from terrorists and insurgents. FY 2005 FMF funds will provide several types of equipment, including patrol boats, combat vehicles, night vision devices, communication gear, coastal and border radars, port and runway improvements, vehicle spare parts, helicopter spare parts and maintenance, chemical and biological warfare response equipment, and hospital supplies. FY 2005 IMET funding will increase the professionalism of the Kenyan military and provide specialized border and coastal security training. FY 2005 FMF and IMET funding will also enhance Kenya's capability and confidence to participate in peacekeeping operations with similar operational requirements. Kenya is eligible in FY 2005 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act.

Equipment received under this program will support Kenya's peacekeeping and counterterrorism efforts.

President Kibaki, his cabinet, and the members of the national legislature face two great challenges: changing a pattern of governance in which public office has been primarily used for private gain; and improving a stagnant economy that falls far short of fully utilizing Kenya's potential. The United States will undertake a higher level of engagement to assist the new Kenyan leadership in meeting these challenges. FY 2005 Development Assistance (DA) resources will be utilized to support NGOs working to affect national level policy changes to promote transparency and accountability as well as peace building activities. DA will also continue to support the parliamentary strengthening program. Assistance will focus on strengthening and increasing the effectiveness of the committee system. Using FY 2005 Economic Support Funds (ESF), we will also implement a program on transparency and accountability, based on the GOK's own strategy. Assistance will focus on support to the Office of Ethics and Governance and the Department of Public Prosecution. Non-proliferation, Anti-terrorism, Demining and Related Programs' (NADR) funds will be used to enhance the ability of Kenya's legal system to deal with cases of special importance (such as those related to terrorism), which will also involve basic capacity-building activities. They will also be employed to train and equip law enforcement agencies for counterterrorist activities.

As Kenya continues 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 achieve greater rates of economic growth and overcome disease and poverty. Despite recent improvements, major health challenges remain in Kenya. The HIV prevalence rate is declining, a notable success. There are still almost two million HIV-positive Kenyans, however, and almost one million AIDS orphans. Fertility increased over the past five years, reversing a decade of outstanding progress in family planning. After 40 years of improvement, child mortality rates increased from the late 1980s to the present. Development Assistance (DA) and Child Survival and Health (CSH)-funded operations to reform the health care sector, to prevent HIV transmission, to provide care and support for those already infected, and to deliver family planning and child survival services will continue, as will efforts to promote increased rural household incomes for agricultural smallholders and micro-enterprise entrepreneurs. As one of the focus countries of the President's Emergency Plan for AIDS Relief, Kenya will receive a portion of the \$1.45 billion requested for the Global HIV/AIDS Initiative account to expand comprehensive and integrated prevention, care and treatment programs. Country allocations of Global HIV/AIDS Initiative funds have yet to be finalized.

DA and ESF funds are used to promote increased rural household incomes for agricultural smallholders and micro and small entrepreneurs, and improve the conservation of natural resources. To date, there have been increases in agricultural productivity and access to markets leading to reduced rural poverty, and increased land area under sustainable resource management. Growth of rural incomes will be encouraged through improvements in agricultural productivity (including use of biotechnology), market access, and private sector management of key commodities. P.L. 480 food resources are also used to promote increased agricultural and livestock productivity in arid and semi-arid lands of Kenya, usually areas hardest hit by drought. Major improvements in household food security have been achieved due to this program, and there is decreased dependency on food aid. DA will also be used for improving and promoting natural resources management by enhancing the management of Kenya's forests and marine resources, and protecting wildlife to provide incomes to local communities through eco-tourism and non-exploitive uses of these resources. ESF will support development activities in predominately-Muslim North Eastern and Coast Provinces. In North Eastern the program aims to increase marginalized pastoralists' access to livestock markets and increase incomes. In the Coast, the program will improve the businesses of micro and small entrepreneurs through increasing their access to and use of financial and business development services. All these programs will assist public and private sector organizations and local NGOs working in these areas by helping to improve the policy environment, strengthen systems, build capacity, and provide equipment and commodities.

Lesotho
(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
IMET	52	125	50
Peace Corps	2,347	2,292	2,583

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 United States has been involved in addressing food security in Lesotho.

The HIV/AIDS crisis poses a serious threat to Lesotho's social, political, and economic futures. Lesotho will benefit from regional FY 2005 Child Survival and Health (CSH) funds. These funds will provide technical assistance to strengthen the ability of non-governmental organizations and the private sector to respond to increased demand for HIV/AIDS information and services, with a particular emphasis on high-traffic corridors. Previous funding has been employed to conduct studies on HIV/AIDS transmission trends and initiate public education efforts targeting high-risk groups.

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

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 which are still in force. Lesotho is a member of the Southern African Development Community.

A stable military is an important element in Lesotho's democratic development, and we maintain an interest in its professionalization. FY 2005 International Military Education and Training (IMET) resources will continue to support education programs for military personnel emphasizing leadership training, managerial skills, civil/military relations, and respect for human rights.

Liberia
(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
CSH	2,627	2,400	1,997
DA	3,758	-	545
ESF	4,420	-	25,000
IDFA-SUP	-	200,000	-
INCLE	-	-	5,000
NADR-SALW	200	100	-
P.L. 480 Title II	17,684	10,538	-

The United States is playing a successful leading role in helping Liberia recover from 14 years of civil war, generations of corruption, and a near-total absence of government services, respect for human rights and the rule of law. With Charles Taylor's departure, the establishment of a comprehensive peace agreement and transitional government, and the scheduling of UN-supervised elections in October 2005, substantial new ESF will be required to address fundamental needs in a country that can serve as a model for promoting democratic, free-market reforms and U.S. influence in Africa. The needs will include the continued reintegration of child soldiers and other combatants into society, election preparations, civil society support, judicial and rule of law programs, police reform and development, sustainable rainforest management under the President's anti-illegal logging initiative, truth and reconciliation initiatives, and customs, auditing and budgetary reforms. Substantial progress in these areas ultimately could lead to Liberia's accession to the Africa Growth and Opportunity Act and access to the Millennium Challenge Account.

The United States is supporting UN peacekeeping operations, and efforts to establish an effective Liberian government and restore Liberia's capacity to provide for its own security. We are committed to assist a reformed and streamlined Liberian military become an effective civilian-led force, to provide border control and interdict arms traffickers and regional paramilitaries. Liberia has only minimal law enforcement and military infrastructure, and has little capability to control its borders or to enforce customs and other laws. Its alluvial diamond fields and forests have attracted significant illicit commercial activity. Development of a credible, competent police force will be a priority and will help restore civil order, promote the rule of law, and improve public confidence in government. International Narcotics Control and Law Enforcement (INCLE) funds be used to continue to assist Liberia's development of a credible and competent police force and functioning judicial institutions, and the implementation of anti-corruption measures.

Liberia is eligible in FY 2005 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. EDA grants will be used to reform Liberia's military.

FY 2005 Child Survival and Health programs (CSH) will support integrated primary health care in 40 rural clinics that serve an estimated total population of 500,000 inhabitants, including 85,000 children under five years of age and 100,000 women of reproductive age. The focus will be on improving maternal and child health services and reproductive health, as well as on reducing the transmission of STI/HIV/AIDS. Child mortality will be reduced through expanded vaccination coverage and early diagnosis and management of critical childhood diseases, such as malaria, acute respiratory infection and diarrhea. CSH will also support a public outreach program to encourage increased utilization of health services. The program also will support critical health reforms, including decentralization of primary health decision making to county health teams, and institutional strengthening of national non-government organizations in organizational development, accountability, transparency, program design, monitoring and evaluation.

FY 2005 Development Assistance (DA) will bridge the transition from relief to sustainable development by improving the productivity of food crops through the introduction of modern agricultural practices and low-cost technologies. It will be used to foster micro-enterprise through support to micro-level entrepreneurs for income generating activities and technical training on business management and other relevant skills. USAID will provide resources to support communities to identify, prioritize, and address their evolving needs, i.e., educational, social or economic empowerment through a participatory approach, including the development of markets for agricultural inputs and outputs and encouraging smallholder enterprise development. DA will further be used to strengthen civic organizations by directing resources through local non-governmental organizations to increase their ability to deliver community management services in agriculture, education, water and sanitation, literacy, conflict resolution, human rights and peace building.

Congress provided \$200 million of International Disaster and Famine Assistance (IDFA) funds via the FY 2004 Supplemental (in addition to providing \$245 million in Contributions to International Peacekeeping Activities, CIPA, to fund a force of UN peacekeepers.) The IDFA funds will be used to support: relief and resettlement for returnees and remainees; reintegration, resettlement, and community revitalization; basic social services; civil police and related judicial structures; governance and independent media; military reform; forest sector rehabilitation; and support for the Central Bank.

Madagascar

(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
CSH	9,293	10,015	11,200
DA	10,504	9,506	10,379
IMET	209	200	200
P.L. 480 Title II	10,381	6,269	12,444
Peace Corps	2,211	2,158	2,558

The United States' principal interests in Madagascar are the promotion of democracy, the encouragement of economic growth and development and the protection of Madagascar's unique biodiversity. In addition, we seek to help Madagascar limit the spread of HIV/AIDS. The Government of Madagascar has supported the war on terrorism through law enforcement cooperation and the implementation of financial sector counter-terrorism measures.

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 following its emergence from a governance crisis that plunged the country into chaos for the first half of 2002, following the disputed December 15, 2001 presidential election. Madagascar held free, fair and highly participatory legislative elections in January 2003 with the financial support of the United States and other donor countries. Those elections cemented the democratic credentials of the administration of President Marc Ravalomanana, whom Madagascar's courts had declared the winner of the disputed 2001 election.

The Government of Madagascar (GOM) has moved ahead to improve governance, repair infrastructure and implement an ambitious poverty reduction strategy. The GOM's pro-business stance is reflected in steps taken to reform its commercial law and private investment continues to grow, culminating in a second World Bank/EU/UNDP – hosted "Friends of Madagascar" conference on October 2003. The GOM projects GDP growth in 2003 to be in excess of 9 percent. The United States approved Madagascar for benefits under the Africa Growth and Opportunity Act (AGOA). Driven by the availability of AGOA benefits, Madagascar has been successful in adding jobs and investment. FY 2005 Development Assistance (DA) and P.L. 480 Title II will foster agricultural and trade development. Peace Corps programs will contribute to sustainable economic development in rural communities. DA funding also will be used to promote democracy and help the Malagasy government's anti-corruption efforts. U.S. public diplomacy programs, along with grants from the Regional Human Rights and Democracy Fund, will complement efforts for the consolidation of democratic institutions.

The fourth largest island in the world, Madagascar has a unique environment. FY 2005 DA 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 helped to protect the environment of Madagascar by protecting forestland from over-development and led to further development of national parks. FY 2005 funds will be used to continue these efforts and consolidate the gains already made.

FY 2005 Child Survival and Health (CSH) and P.L. 480 Title II assistance in the health, nutrition, and population sectors will be used to improve the quality of life for assisted Malagasy populations, promote child survival, increase contraceptive prevalence, improve food security and limit the spread of sexually transmitted diseases, HIV/AIDS, and other infectious diseases.

U.S. strategy for consolidating democracy includes enhancing the professionalism of the Malagasy military forces through International Military Education and Training (IMET) programs. Courses will include instruction on civil-military relations, coastal security, military justice, officer professionalism, and defense resources management. Madagascar is eligible in FY 2005 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 2003 Actual	FY 2004 Estimate	FY 2005 Request
CSH	17,480	19,400	18,900
DA	9,849	11,737	10,295
IMET	312	360	360
P.L. 480 Title II	3,202	3,357	8,500
Peace Corps	2,228	2,125	2,565

Democracy and humanitarian assistance are our primary goals in Malawi. Malawi will participate in its third round of national elections in May 2004. These elections, covering the Presidency and Parliament, will be a test of Malawi's relatively young democracy. Malawi also continues to undergo both a severe budgetary crisis and a devastating HIV/AIDS pandemic. By helping the government to address these problems, and by assisting the electoral process, we will help to strengthen democracy, enhance regional stability, and encourage economic development and trade/investment opportunities, advancing U.S. global interests.

Malawi has been a strong ally in counter-terrorism efforts. President Muluzi has been outspoken in his condemnation of terrorism incidents aimed against the United States and other democratic nations. Malawi has cooperated with the United States in coordinating anti-terrorism activities.

FY 2005 Development Assistance (DA) funds will assist activities that promote long-term agricultural productivity, including sustainable land use management, crop diversity, and expanded rural employment opportunities. DA funds will support development of Malawi's primary education infrastructure by focusing on improving teaching skills, community involvement, and management, planning, and resource allocation.

FY 2005 Child Survival and Health (CSH) funds will support efforts to reduce the transmission and mitigation of HIV infections, reduce infant and child mortality, and increase the rate of contraceptive use. Programs to improve detection, treatment and prevention of malaria, tuberculosis and community child health interventions will receive support, as will activities focusing on training, service provision, logistics and management systems for family planning and reproductive health.

Malawi has been pro-active in seeking assistance from the United States in expanding its role in peacekeeping efforts throughout the region and the world. FY 2005 International Military Education and Training (IMET) programs will build on the Malawi military's tradition of apolitical professionalism and enhance regional stability by focusing on democratic values and mutually beneficial military-to-military relations. Malawi military personnel will receive training in finance, medical care, engineering, transportation, procurement, HIV/AIDS prevention, and resource management. Malawi is eligible to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act of 1961, as amended. Grant EDA will help develop Malawi's capacity to support peacekeeping activities.

Malawi has been an active and successful participant in the African Growth and Opportunity Act since it was declared eligible for the program in September 2000. Malawi is a member of the Southern African Development Community. The Peace Corps has an active program in Malawi, with approximately 120 volunteers focusing on community health, education, natural resource management, and HIV/AIDS prevention, training and treatment.

Mali
(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
CSH	13,821	14,300	13,974
DA	26,581	24,296	20,793
IMET	309	350	175
Peace Corps	3,683	3,688	3,701

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 terrorists from using its territory for basing and trafficking. Mali has been an active partner in the war against terrorism and has ratified all of the UN counter-terrorism conventions.

Mali is a model for democracy in the region and an active member in regional organizations such as the Economic Community of West African States (ECOWAS) and the African Union (AU). Mali continues to support U.S. interests in the region. Mali benefits from the Heavily Indebted Poor Country Debt Reduction Initiative and the Africa Trade and Investment Policy Program.

FY 2005 Child Survival and Health (CSH) and Development Assistance (DA) funding will help the Government of Mali expand economic opportunities, particularly for the rural poor; provide high impact health services to women and children; combat HIV/AIDS; improve the quality of education for all; consolidate democracy through decentralization and accelerate overall development by making information more widely accessible through expanded rural radio. The U.S. National Institutes of Health continues to research and test an anti-malarial vaccine in Mali.

A major factor in building national cohesion is the integration of the northern ethnic groups into Mali's political, economic and social structures. 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, especially of irrigated agriculture.

Over 170 Peace Corps volunteers are working in five development fields throughout Mali: agriculture, health and education, natural resource management, small enterprise development, and water and sanitation.

In FY 2005, 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 opportunities for the professional officer corps to attend courses that stress greater respect for and understanding of the requirement to support human rights and civilian control of the military. Over the past decade, Malian Armed Forces have evolved from an instrument of government control to a professional organization and many IMET graduates hold high positions in their ministries and the armed services.

Mali is eligible in FY 2005 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Provision of grant EDA will support Mali's ability to control its borders and undertake peacekeeping operations.

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

Mauritania
(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
IMET	131	125	130
P.L. 480 Title II	16,252	7,465	3,380
Peace Corps	1,941	2,005	2,330

Primary U.S. national interests in Mauritania are advancing the Global War on Terrorism (GWOT) and promoting democracy and human rights. Mauritania has been a strong supporter of the Middle East Peace Process (MEPP) and is the only Arab League country that maintains an ambassador in Israel. After September 11, the Mauritanian government immediately condemned the attacks and agreed to block all terrorist-related financial assets. Mauritania has also supported the war on terrorism diplomatically by playing a moderating role in the Organization of the Islamic Conference (OIC), where it refused to link the attacks to the MEPP. Mauritania was the first African country to sign and ratify an Article 98 agreement with the United States. Despite this good will, Mauritania is hampered in the GWOT by its underdeveloped infrastructure and poor border controls. Strengthening Mauritania’s control of its borders and financial institutions would enhance U.S. goals in the war on terrorism.

Besides counter-terrorism, assistance to Mauritania supports other U.S. foreign policy goals, including democratization, respect for human rights, poverty alleviation, health, education, and pursuit of sound, market-based economic policies. In FY 2005, the United States plans to continue the relatively modest assistance programs already in place to encourage democratic development, combat poverty, and improve Mauritania’s military.

The International Military Education and Training (IMET) program will serve U.S. interests by encouraging military support for democratically elected civilian government and respect for human rights. IMET courses will include instruction on civil-military relations, military justice, officer professionalism, defense resources management, and coastal/border security. Through the provision of Regional Peacekeeping Operations funds, Mauritania is a participant in the Pan-Sahel Initiative, which is assisting Mali, Niger, Chad, and Mauritania in protecting their vast territories, including against terrorists. Mauritania will be eligible in FY 2005 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. EDA grants will be used to support the Mauritanian military in the war on terrorism.

Although there is no USAID mission in Mauritania, there are still several USAID-funded activities taking place there, such as a continuing Food for Peace project that targets malnourished women and children, micro-enterprise development that focuses on water access development, and HIV/AIDS awareness and education targeted at women and girls.

Additionally, the Peace Corps has about 70 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.

Since 1992, Mauritania has undertaken an ambitious and successful transition to an economically liberalized and politically diverse country. A reform-minded team in Government has implemented wide-reaching macroeconomic, structural and social reforms. Mauritania’s economic governance is among the best in Africa, and it reached its “completion point” under the Heavily Indebted Poor Countries (HIPC) debt initiative. The government has made commendable 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. Mauritania is eligible to receive trade benefits under the African Growth and Opportunity Act but, to date, has taken little advantage of this law.

Mauritius
(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
IMET	110	125	125

The United States' principal national interest in Mauritius is economic: expanding trade and commerce. The United States also has a strong interest in obtaining Mauritius' continued support of counter-terrorism initiatives. Mauritius is a stable, multi-party democracy that boasts a multi-ethnic, multi-lingual, and multi-cultural population. It has a vibrant economy spanning agricultural, manufacturing, and tourism sectors with a burgeoning information technology component. Mauritius provides employment, educational, and health care benefits for its people.

Mauritius has consistently supported the U.S. -led coalition in the war on terrorism. It passed counter-terrorism legislation consistent with U.N. Security Council Resolution 1373, and has responded positively to U.S. requests for financial interdiction of terrorist resources. With the support of the Department of Treasury's Financial Center, Mauritius established a Financial Intelligence Unit and is scheduled to receive additional financial interdiction and detection training.

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. It has already begun to outsource and invest in other African countries. In January 2003, Mauritius hosted the U.S.-Sub-Saharan Africa Economic and Trade Cooperation Forum.

U.S. national security is enhanced through the creation of a stable and secure Indian Ocean region. In FY 2005, International Military Education and Training (IMET) courses for Mauritius will include officer professionalism, organizational planning, coastal security, and integrated force management. Past courses featured maritime law enforcement training, crisis management, military justice, fisheries protection, and pollution control as well as search-and-rescue operations.

Mauritius will be eligible in FY 2004 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.

Mozambique

(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
CSH	22,601	19,700	19,730
DA	27,567	24,261	18,319
IMET	196	225	215
NADR-HD	2,632	1,372	1,600
P.L. 480 Title II	16,166	14,855	18,801
Peace Corps	2,027	1,956	2,498

A stable, democratic, and prosperous Mozambique will help to ensure regional stability and will strengthen its support to the Global War on Terrorism, both important national interests of the United States. United States programs continue to focus on economic growth and development, democratization, prevention of terrorism, improved health care, and the fight against HIV/AIDS. While Mozambique has pursued democratic and free-market policies, continued assistance is necessary to reach its goals. Despite impressive levels of economic growth, the country remains among the world's poorest. Government revenues are insufficient to provide basic services and ensure adequate border security. Democratic institutions remain nascent, particularly at the local level, and civil society is generally weak. Ineffective border controls provide a potential transit stop for international terrorists. More than 13 percent of Mozambicans are living with HIV/AIDS, and the percentage continues to grow. While these facts constrain progress, the Mozambican government has proven to be a credible bilateral and regional development partner. It has provided political support for the Global War on Terrorism and has undertaken to improve border security and anti-terrorist activities to the extent that its limited resources allow. Mozambique is eligible to receive trade benefits under the African Growth and Opportunity Act (AGOA).

Sustainable economic growth and development are fundamental to achieving long-term stability and progress in Mozambique. In FY 2005, Development Assistance (DA) resources will be used to train farmers in crop diversification, improved storage and sound environmental management practices. DA resources will provide budget support, project assistance, and technical leadership to the government's agricultural sector investment program, ProAgri, designed to provide needed extension and marketing services to local farmers. USAID will bring in technical experts to build capacity within the Ministry of Agriculture and Rural Development (MADER) to promote public sector outsourcing of agricultural services; train researchers and extension agents; and develop policies that support increased production. DA will strengthen the marketing capabilities of rural enterprises through technical and financial assistance. DA resources will provide institutional development to improve the capacity for road operation and maintenance, rehabilitate selected overland market links, and introduce new technologies for road construction that improve quality and reduce costs.

P.L. 480 Title II resources will continue to increase the food production, cash income, and nutritional status of food insecure families. These resources will finance agriculture extension activities undertaken at farmer field schools to increase crop yields, improve soil fertility, improve food security throughout the year, safeguard the environment and improve the construction and maintenance of farm-to-market roads. Continued funding of these programs will help rural enterprises and small farmers take advantage of new opportunities arising from increased productivity and sales, greater access to rural finances, and more and better marketing opportunities. This will help sustain increased rural incomes and promote sustainable and equitable development.

Labor-intensive export-oriented industry is dependent on the Mozambican government's ability to negotiate market access. To that end, DA resources will provide technical assistance to the government's International Relations Directorate to improve institutional and analytical capacity in support of better trade policy. In addition, DA resources will support the establishment of a trade coordinating body, the creation of a trade database, and the implementation of a set of standards and certifications required to export products to particular markets. DA will be used to continue to provide technical assistance to the Confederation of Mozambican Business Associations (CTA) to strengthen both its lobbying capacity in favor of a more liberal trade and enabling environment and its alternative dispute resolution program. Specific interventions will include: establishing alliances between Mozambique and U.S. or regional businesses and sector business associations; creating financial instruments aimed at supporting labor-intensive exports; and increasing access to business development services.

Mozambique's economic growth remains hampered by landmines and unexploded ordinance (UXO). The Nonproliferation, Anti-terrorism, Demining and Related Program (NADR) account has been used to fund demining of critical infrastructure and agricultural land, support the Mozambican Armed Defense Forces (FADM) demining brigade, and provide capacity-building to the National Demining Institute (IND). FY 2005 NADR funds will support IND priorities focused on the reduction of landmine casualties and socio-economic development.

Democratic consolidation remains a priority, particularly at the local level where municipal councils, elected in November 2003 have just taken office. DA funded technical assistance and training will improve citizen participation in and oversight of local governments by creating incentives and mechanisms for citizen involvement. DA will also fund advice and training for municipal government officials in citizen outreach, development planning based on articulated community needs, ethical and transparent public administration, and public information campaigns. Using DA funding, USAID will support the NGO Ética Mozambique in implementing its multi-media anti-corruption information and awareness campaign and in the establishment of corruption reporting centers in all provincial capitals. DA and Africa Regional International Narcotics Control and Law Enforcement (INCLE) funds will provide technical assistance and training to the Mozambican Attorney General's Office to build the sustainable institutional capacity to fight corruption, create effective legal sanctions, and deter public sector corruption. Africa Regional Economic Support Funds (ESF) may be used to supplement USAID democratic consolidation and anti-corruption activities.

The FY 2005 International Military Education and Training (IMET) program will provide professional training, emphasizing the necessity of an apolitical, professional, civilian-controlled military. IMET courses will help train students in basic technical skills such as ordnance maintenance to ensure proper handling of equipment, and coast guard management to help protect resources along their lengthy coastline.

Previous IMET and regional INCLE programs have already resulted in notable improvements in the professionalism and capacity of Mozambican security forces. INCLE funds were instrumental in creating the Police Sciences Academy (ACIPOL).

Health care, including the prevention of HIV/AIDS, remains a significant challenge that if not adequately addressed could undermine other USG goals. In the area of maternal and child health, Child Survival and Health (CSH) funds will be used to provide technical assistance and training focused on vaccine preventable diseases, malaria prevention, malnutrition, Vitamin A deficiency, and diarrheal diseases. Family planning and reproductive health resources will fund training and technical assistance to improve service provision, supervision, and logistics systems. Training of community and facility-based health workers will improve the quality of antenatal care, ensure early detection and management of malaria, and improve performance in counseling assistance at the provincial, district, and community levels for the provision of contraceptives and child survival products. Technical support and training of Ministry of

Health (MOH) staff in financial and operations management at the provincial, district, and community levels will be initiated. USAID will continue to provide technical expertise and training at the central level to increase the MOH's capacity to formulate and implement policies in support of health sector reform.

Maternal and child health activities are essential to improving the overall quality of life of Mozambicans. Resource constraints, both human and financial, within the Mozambican Government necessitate outside assistance in this area. Mozambique is a target country for the President's Emergency Plan for AIDS Relief (PEPFAR). As such, it will receive a portion of the \$1.45 billion requested for the Global HIV/AIDS Initiative account to expand comprehensive and integrated prevention, care and treatment programs. Country allocations of Global HIV/AIDS Initiative funds have yet to be finalized.

Peace Corps volunteers will continue to provide teachers to assist an educational infrastructure devastated by HIV/AIDS and will include HIV/AIDS education messages as part of their work.

Mozambique is eligible in FY 2005 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, health programs, and other humanitarian assistance objectives.

Namibia
(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
CSH	7,601	2,150	2,150
DA	4,851	5,726	6,558
IMET	175	225	100
NADR-HD	600	-	-
Peace Corps	2,492	2,531	2,876

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 2005 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 the 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 2005 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.

As one of the focus countries of the President's Emergency Plan for AIDS Relief, Namibia will receive a portion of the \$1.45 billion requested for the Global HIV/AIDS Initiative account to expand comprehensive and integrated prevention, care and treatment programs. Country allocations of Global HIV/AIDS Initiative funds have yet to be finalized. The HIV prevalence rate is 23.3 percent among pregnant women. A recent study indicates that at the present rate almost 10 percent of the population will consist of orphans by 2010 and average life expectancy will fall to 40 by 2005. Previous Child Survival and Health (CSH) 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 program in Namibia supports U.S. national interests by providing technical assistance to school districts striving to improve teacher training and undertaking village-based HIV/AIDS awareness campaigns.

The International Military Education and Training (IMET) program will be important to the support and training of Namibia Defense Force (NDF) personnel in democratic values and respect for civilian institutions. Namibia is eligible in FY 2005 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. EDA grants will be used to support the NDF's efforts to undertake peacekeeping operations and respond to regional humanitarian crises.

Niger
(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
IMET	103	200	100
P.L. 480 Title II	9,548	6,228	8,992
Peace Corps	2,634	2,775	3,210

U.S. interests in Niger are democracy, human rights, regional security and countering terrorism.

Niger is the poorest Muslim country on earth, and it 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 considers extremism a threat and supports the coalition against terror.

U.S. interests are advanced by supporting Niger's four-year-old democratically elected civilian government with modest assistance aimed at economic and political development and reform, human survival, social justice, health, and security. The failed, but very serious, military uprisings of August 2002 underscore the critical nature of working intensively with Niger to encourage democracy to take firm root. 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 and in our efforts to halt the proliferation of weapons of mass destruction.

In FY 2004, Development Assistance (DA) from the West African Regional Program (WARP), Food for Peace, and Africa Regional Economic Support Fund (ESF) resources will be used to promote security, improve nutrition, child and maternal health, and women's micro-enterprise, and expand access to development information through increased small-radius rural radio broadcasting. USG support for the creation of the rural radio network has been particularly effective in disseminating messages against the spread of HIV/AIDS, promoting religious tolerance, and advocating participation in democracy -- all directed at the vast population poorly served by urban media outlets. DA will also assist Niger to design decentralization policies and regulations governing local elections to be held in mid-2004, a critical element of the ongoing democratization process. Donor support for and cooperation with Niger are strong; Niger is one of the World Bank's fast track countries for education, and the United Nations has also selected Niger as a pilot country to introduce its strengthened planning and coordination mechanism involving UNDP, UNICEF, WFP, and UNFPA.

Through local civil society organizations and American non-governmental organizations, DA from the WARP will be used to expand access to educational programs focused on combating the spread of HIV/AIDS in the most vulnerable groups along regional trade and migration routes. Complementing humanitarian assistance, Peace Corps Volunteers work in Niger to prevent the spread of HIV/AIDS, expand access to basic health care, and increase agriculture productivity. Volunteers are also contributing to the start of a new program focusing on teaching English as a foreign language in regional population centers.

Niger recognizes that its military can play a vital role in both security and development, and values the assistance it receives through the International Military Education and Training (IMET) Program in helping to train its forces for peacekeeping and civic action duties, as well as for traditional security roles. IMET courses help increase the military's capacity and reinforce the military's role as a professional institution, subordinate to Niger's democratically elected civilian government. The FY 2005 program will build on earlier IMET efforts by providing additional courses on civil-military relations, military justice, peacekeeping, and English Language Training. These courses will also address special issues, such as technical training for Air Force personnel, training for military policemen, and training for engineers doing civic action.

Initiated with FY 2002 peacekeeping operations (PKO) funds, Niger is a participant with Mali, Chad and Mauritania in the Pan-Sahel Initiative (PSI). The PSI will help the four countries gain greater control over movement of potential terrorist groups, thus supporting the U.S. national security interests of waging war on terrorism and enhancing regional peace and security. Niger is eligible in FY 2005 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 participate in peacekeeping activities.

Niger is eligible for trade benefits under the African Growth and Opportunity Act, and has been certified to export apparel to the United States duty-free. Niger is a member of the African Union, the West African Monetary Union 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 enjoyed substantial reductions in international debt repayments, allowing resources to be shifted to education and social services and so address the causes that perpetuate poverty. The Government of Niger also has a World Bank development program in place, and is working effectively with the Bank and the IMF to implement market-based reforms.

Nigeria
(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
CSH	47,911	42,550	43,724
DA	23,385	13,601	15,590
ESF	1,900	4,971	5,000
FMF	-	385	1,000
IMET	96	850	800
INCLE	-	2,250	2,250

Nigeria is the dominant economic and political power in West Africa. The U.S.-Nigeria bilateral relationship moved from confrontation to cooperation on a full range of economic, political, and security issues following the country's 1999 transition from military to civilian rule. Our interests in Nigeria stem from its size (133 million people, 50 percent Muslim), political/military influence in Africa and multilateral fora, large oil and gas reserves, and present and potential economic importance. Our over-arching national interest in Nigeria is promoting democracy and human rights. Only through democratic governance can Nigeria address its ethnic and religious divisions, create an open economic system that will make it a reliable and increasingly important trading partner, and develop as a critical partner in international affairs. Nigeria is a staunch supporter of the global war on terror and has played a constructive role in addressing African conflicts, most recently in bringing peace to war-torn Liberia. Nigeria has dispatched, or indicated willingness to send, peacekeepers to Liberia, Sierra Leone, Burundi, and Congo.

National elections in Spring 2003 were marred by reports of serious irregularities and fraud. Nonetheless, these elections marked the nation's first successful transition to a second civilian administration, offering an opportunity to continue to build democratic institutions in preparation for 2007 elections. Continued U.S. support for democracy and governance will be crucial to consolidating democratic gains. We will continue to engage Nigeria's fledgling democratic institutions, including civil society and the media. We will work with Nigeria's electoral bodies to provide technical assistance to prepare for future elections. We will support the rehabilitation of governmental institutions critical to democratic stability, including reform of the justice system and work with state and national legislators.

Nigeria faces many critical human rights issues. In the Niger Delta, disputed access to vast oil wealth has provoked an escalating cycle of violence. We will work with local groups, including governmental and non-governmental organizations, and the private sector to develop conflict resolution mechanisms. In the North, Sharia courts continue to issue harsh sentences such as amputation or death by stoning. We will work with the judiciary and local and international human rights groups to address concerns about these punishments.

Cooperation with Nigeria on drug trafficking, international crime, and terrorism has improved in recent years and U.S. law enforcement agencies have sought greater engagement. Nigeria strongly supports U.S. counter-terrorism efforts and has been at the forefront of African efforts to combat terrorism. Through bilateral ESF and International Narcotics Control and Law Enforcement (INCLE) resources, we will support Nigeria's efforts to combat terrorist financing and monitor its borders. Nigerian crime syndicates, many of them linked to narcotics trafficking, cost American victims tens of millions of dollars each year, mostly through financial fraud. We will encourage and facilitate the active investigation and prosecution of Nigerian criminals, and work to identify and remedy weaknesses in Nigeria's financial, immigration, and security sectors. Our programs will help Nigerian law enforcement and judicial system personnel train and develop professional relationships in the United States to disrupt narcotics trafficking.

Nigeria ranks among the countries most affected by corruption. We will support efforts to root out corruption at all levels, including through work with the Nigerian anti-corruption commission and Economic and Financial Crimes Commission. Nigeria remains susceptible to violence, instability and rapidly growing crime. We will work with Nigerian police to professionalize the force, improve basic skills, and promote law and order across the country.

FY 2005 Development Assistance (DA) and Child Survival and Health (CSH) funding will address policy and institutional impediments to economic growth and will strengthen basic education, enhance agricultural productivity, and expand health infrastructure. Democracy and governance programs will strengthen the National Assembly, state and local government structures, the Independent National Electoral Commission, and civil society. We will support economic reform and agricultural development by focusing on improved economic management, privatization, greater access to micro-finance, and environmental sustainability. DA will help improve primary education through better educational management information, skills and vocational training, and teacher training. Since more than one million Nigerian children die from preventable diseases each year, we will support programs to promote the health of women and infants and improve basic health care.

As one of the focus countries of the President's Emergency Plan for AIDS Relief, Nigeria will receive a portion of the \$1.45 billion requested for the Global HIV/AIDS Initiative account to expand comprehensive and integrated prevention, care and treatment programs. Country allocations of Global HIV/AIDS Initiative funds have yet to be finalized.

Nigeria's success in peacekeeping missions in Sierra Leone and Liberia was due in large part to support and training from the U.S. under the Operation Focus Relief Program completed in 2001. Though legislative restrictions imposed in FY 2003 affect some U.S. security assistance and require further consultation with Congress, we are requesting funds to promote military subordination to civilian rule, improve respect for human rights, build expectations of accountability, and reinforce a positive role in peacekeeping. International Military Education and Training (IMET) programs will emphasize improved accountability; training will consolidate the Nigerian military's position under civilian authority and enhance its regional peacekeeping capabilities. Nigeria is eligible in FY 2005 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Provision of grant EDA will support Nigeria's participation in peacekeeping operations.

Foreign Military Financing (FMF) will be used to help Nigeria improve military management and training. FMF will strengthen the National War College's simulation center, improve coastal security, train teams in counter-terrorism and peacekeeping, build military justice capacity, and provide C130 technical support to enhance air mobility. ESF will complement these efforts through civilian democratic institutions responsible for oversight of the military, including the National Assembly. Voluntary Peacekeeping Operations (PKO) funds will support training to improve Nigerian and West African crisis response capabilities, primarily through the African Contingency Operations Training and Assistance program.

Nigeria remains eligible for trade benefits under the African Growth and Opportunity Act. Taking advantage of this opportunity will promote economic growth, increasing stability in Nigeria and the region.

Republic of the Congo
(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
IMET	108	110	110
P.L. 480 Title II	655	-	-

U.S. national interests in the Republic of the Congo (ROC) are democracy and human rights, humanitarian assistance, good economic governance of the country's significant oil resources, and protection of its unique and precious environment. An associated strategic goal is the promotion of regional stability. Congo is in transition from a civil war with subsequent instability in the late 1990's that left the country's infrastructure devastated, and deeply divided along ethnic lines. Humanitarian issues are being addressed 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 approved a new constitution in January 2002 and President Sassou-Nguesso won the elections held in mid 2002, although there were reported some administrative irregularities. Since the 2002 elections, the Government of Congo and the remaining rebel faction, the Ninjas, signed a peace accord in March 2003, which is still holding despite having a few altercations between the two sides in late 2003. 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), some DRC refugees remain in northern ROC.

The main U.S. objective in the ROC is to promote stability by encouraging the establishment of democratic government institutions and economic development. In 2002, Economic Support Funds (ESF) supported the demobilization and reintegration of rebels and election administration planning. FY 2005 ESF funds channeled through regional programs such as the Africa Regional fund are planned to provide training in legislative drafting and committee activities for the new legislature.

FY 2005 International Military Education and Training (IMET) funds will support courses in civil-military relations, English language training, human rights, officer and non-commissioned officer professionalization, and other functional areas. These training programs will assist in improving the integration of the 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 is eligible in FY 2005 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Provision of grant EDA will enhance Congo's ability to conduct civic action and to secure its borders and coastline.

The Republic of the Congo is eligible to receive trade benefits under the African Growth and Opportunity Act (AGOA).

Rwanda
(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
CSH	16,168	13,350	13,406
DA	6,555	4,810	5,121
IMET	162	175	225
NADR-HD	375	-	-
P.L. 480 Title II	16,089	3,432	12,131

The primary U.S. national interests in Rwanda are the promotion of democracy and human rights and humanitarian response. U.S. programs aim at aiding Rwanda in its recovery from the 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, and economic 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.

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 2005 Development Assistance funds (DA) will finance ongoing activities to promote democracy, good governance, human rights, and economic growth. DA will also support agriculture projects in rural areas to improve food security in a country where 90 percent of the population earns their living through farming. As one of the focus countries of the President's Emergency Plan for AIDS Relief, Rwanda will receive a portion of the \$1.45 billion requested for the Global HIV/AIDS Initiative account to expand comprehensive and integrated prevention, care and treatment programs. Country allocations of Global HIV/AIDS Initiative funds have yet to be finalized. FY 2005 Child Survival and Health Program (CSH) funds will be used to support infectious disease treatment and eradication, and other health-related programs.

Nonproliferation, Anti-terrorism, Demining, and Related Programs – Humanitarian Demining (NADR-HD) funds have supported humanitarian demining efforts in Rwanda since FY 1997, ensuring the continued expansion of safe land for resettlement, agriculture, and cattle grazing. As a result, the number of landmine victims has decreased sharply.

Assistance to Rwanda's military in FY 2005, will continue to be conditioned upon its abstention from negative military involvement in neighboring countries. Assuming a positive evolution in these areas, FY 2005 International Military Education and Training (IMET) programs will focus on developing the professionalism of the Rwandan military, with particular emphasis placed on expanded IMET courses designed to promote respect for human rights and civilian control of the military, military justice, and improved civil-military relations. In addition, Rwanda is eligible in FY 2005 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Provision of grant EDA will enhance Rwanda's capabilities to participate in international peacekeeping activities.

Sao Tome and Principe

(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
FMF	500	-	-
IMET	180	100	200
NADR-SALW	-	40	-

The primary U.S. national interest in Sao Tome and Principe (STP) is democracy and human rights. U.S. efforts focus on promoting political stability to support the Voice of America facility and operations and to preserve one of the most exemplary democracies in Africa. 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 over a decade. 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. Fragility of STP's democracy was highlighted by an attempted coup in July 2003 by elements of the military due primarily to bread and butter issues. A team of international arbitrators, including the United States, resolved this crisis after a week and the rebels allowed the elected government to resume authority.

International Military Education and Training (IMET) programs in FY 2005 will provide training in military leadership skills, military justice, English language capability, and professional development in the Sao Tome military. Such professionalization is vital if a reoccurrence of the events of July 2003 are to be avoided. IMET programs will also support Sao Tome's democratic tradition and security management for its territorial waters.

Sao Tome and Principe is eligible in FY 2005 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. EDA equipment requested under this program will be used to bolster the coastal security program thereby protecting Sao Tome's critical natural resources and its democratic political system.

Sao Tome and Principe is eligible to receive trade benefits under the African Growth and Opportunity Act. STP is also eligible to receive debt relief under the enhanced Highly Indebted Poor Countries (enhanced HIPC) Initiative.

Senegal
(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
CSH	15,167	14,325	15,873
DA	15,014	12,781	10,548
FMF	480	480	500
IMET	1,062	1,000	1,100
P.L. 480 Title II	2,146	-	5,000
Peace Corps	3,543	3,504	3,602

Senegal is the United States' most important Francophone partner in sub-Saharan Africa. Our national interests there include expanding democracy and human rights, promoting economic prosperity and the rule of law, and combating terrorism. As a regional democratic and military leader, Senegal plays a key role in U.S. efforts to promote regional peace. Senegal consistently supports U.S. foreign policy initiatives, and calls for moderation in multilateral and Islamic organizations. Senegal has been at the forefront of Africa's response to African and global terrorism, actively lobbying other African and Islamic countries to take concrete steps in the fight against terror. Senegal displays a high level of military professionalism. A participant in the African Contingency Training and Assistance (ACOTA) Program, Senegal leads the Economic Community of West African States (ECOWAS) force in Cote d'Ivoire and contributes troops to peacekeeping operations (PKOs) in Liberia, Cote d'Ivoire and the Democratic Republic of the Congo.

U.S. assistance increases Senegal's regional influence as a stable, participatory democracy in a region plagued by instability. U.S. assistance supports market-based economic reforms as Senegal continues to privatize key sectors of its economy, boosts transparency in government, increases professionalism and effectiveness of the military, and relieves human suffering resulting from extreme poverty and lack of essential infrastructures in urban and rural areas.

Senegal has few natural resources and a high annual population growth rate of 2.7 percent. Historically the country has offered a poor investment climate and suffered from high urban unemployment. To encourage growth by small- and medium-size businesses in this environment, Development Assistance (DA) funds have created thousands of income-generating opportunities through the creation of 95 bank branches focusing on micro-credit loans. The number of clients receiving commercial loans has increased from 10,214 to 40,214 in two years. In addition to projects in environmental education and health awareness, the Peace Corps also supports micro-finance projects. FY 2005 DA funds will promote continued private enterprise development and improved local governance, increase the number of children who complete middle school, and remove key impediments to market-based economic growth. Conflict resolution efforts in the southern Casamance region, where a separatist insurgency has been fought for over twenty years, include micro loans, property reconstruction, and peace building activities. The United States is one of the few international donors providing humanitarian and economic relief in the Casamance. FY 2005 Child Survival and Health (CSH) funds will build on Senegal's record of success in fighting HIV/AIDS with an emphasis on prevention, behavior change, policy dialogue with political and health leaders, and increased involvement of the media in HIV prevention. CSH funds will also improve maternal and child health through reduction of malaria and other infectious diseases.

If the Government of Senegal continues to make progress in peace negotiations with Casamance insurgents, the United States could have the opportunity to support programs to demobilize, disarm, and reintegrate combatants. The United States could also play a role in de-mining, resettling refugees and internally displaced persons in their traditional villages, and economic recovery in the region.

Africa Regional Economic Support Funds (ESF) will be sought to support efforts to enhance Senegal's ability to control the movement of potential terrorists and their financial resources.

In FY 2005, International Military Education and Training (IMET) courses will improve the Senegalese military's ability to participate in regional and international peacekeeping operations while continuing to train participants in professionalism and civilian-military relations. IMET courses will complement Senegal's participation in the ACOTA Program and in African Center for Strategic Studies' seminars. ACOTA-funded peace support exercises at the brigade level, which are held between staffs from Senegal's military headquarters and third-country battalion staffs, aim to improve interoperability between multinational forces.

Senegal will also receive Foreign Military Financing (FMF) in FY 2005. These funds will enhance the ability of Senegal's military to conduct peacekeeping operations and maintain the skills they have acquired through ACOTA training. Specifically, funds will be used to provide vehicles and sea transport equipment, including maintenance support and spare parts.

Senegal is eligible in FY 2005 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Provision of grant EDA will enhance Senegal's capabilities to participate in international peacekeeping activities.

Senegal remains eligible for trade benefits under the African Growth and Opportunity Act (AGOA). Taking advantage of trade opportunities under AGOA will further boost Senegal's economic growth and provide employment opportunities, increasing stability in Senegal and the sub-region of West Africa. Senegal, a member of both ECOWAS and the African Union, 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 2003 Actual	FY 2004 Estimate	FY 2005 Request
IMET	53	100	100

The United States' primary national interests in the Seychelles, an island nation in the Indian Ocean, are fostering democracy and respect for human rights, and securing counter-terrorism cooperation. The United States also seeks improvements in the Seychelles' law enforcement and environmental protection mechanisms. The Seychelles supports the United States in the war on terrorism and has offered its support and facilities to the U.S. military. U.S. naval vessels make several port calls a year to the Seychelles. Despite a struggling economy and a fragile democracy, the Seychelles boasts one of the highest per capita incomes in Sub-Saharan Africa. U.S. assistance to the Seychelles, therefore, has been limited.

The Seychelles is eligible to receive trade benefits under the African Growth and Opportunity Act (AGOA). Its manufacturing sector, while neither extensive nor diversified, is growing modestly. The economy suffers from lack of foreign exchange and a downturn in tourism. AGOA, when used effectively, can help to attract investment.

In FY 2005, International Military Education and Training (IMET) programs will contribute to developing a professional military and respect for civilian rule by providing training in civil-military relations and other specialized issues. IMET courses will include instruction on human rights, military justice, officer professionalism, defense resources management, and coastal security. The program will allow the United States to maintain military-to-military contact with Seychelles, a country in which the United States does not have a diplomatic presence.

The Seychelles is eligible in FY 2005 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 2003 Actual	FY 2004 Estimate	FY 2005 Request
CSH	784	300	-
DA	3,007	3,727	3,269
ESF	11,910	4,971	5,000
IMET	318	300	300
P.L. 480 Title II	19,486	4,225	5,335

The primary U.S. interest in Sierra Leone is consolidation of the peace that has been established by massive intervention from the international community in a region marked by considerable 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. 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 for future economic development, and promote the rule of law in a civil, democratic society.

Sierra Leone was peaceful in 2003, with the exception of a foiled attempt by a small group of former soldiers to steal weapons from a military warehouse in Freetown in January. All former Revolutionary United Front (RUF) and the Civil Defense Forces (CDF) combatants within Sierra Leone have been disarmed and demobilized through a program that began in 2001, and final reintegration assistance outlays occurred in December 2003. An undetermined number of RUF and CDF fighters joined factions in Liberia as mercenaries. Local elections scheduled for the fall of 2003 have been postponed until 2004, largely due to inadequate preparation by GOSL officials. The Special Court for Sierra Leone, a hybrid institution staffed both by Sierra Leone personnel and international legal experts, has indicted thirteen persons. The United States has contributed \$20 million for the Special Court.

The sustainability of peace within Sierra Leone and the region rests on the success 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 the collapse of most of Sierra Leone's institutions and a near total loss of confidence in government. Revitalizing Sierra Leone's economy and society will require years of determined effort. So far, the GOSL's efforts to counter corruption have been half-hearted and ineffectual, which bodes ill for Sierra Leone's future when foreign assistance ends. Stability in neighboring Liberia and Guinea also have a significant impact on Sierra Leone. Prospects for stability in Liberia have improved with the departure of Charles Taylor and the deployment of peacekeeping forces. The potential for increasing instability in Guinea could threaten gains in Sierra Leone.

FY 2005 Development Assistance (DA) and Economic Support Funds (ESF) 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. A large proportion of assistance will be directed toward the agricultural sector, where many Sierra Leoneans can find work. DA will also be used to solidify the GOSL's ability to manage the country's diamond resources and participate under the new Kimberley process regulations. Finally, FY 2005 DA and ESF will support continuation of the program started in FY 2002 to rehabilitate public infrastructure destroyed during 10 years of civil war.

The International Military Education and Training (IMET) program in FY 2005 will help to rebuild the military and reinforce democratic values as well as support improvement of Sierra Leone's military justice

system and civil-military relations. The program will focus on professional military training for senior military officers and on technical assistance in defense resources management.

Sierra Leone is eligible in FY 2005 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 may be provided to support the ongoing rebuilding and restructuring of Sierra Leone's armed forces.

Sierra Leone is also eligible to receive benefits provided under 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 supports sustainable economic development. Necessary regulations and procedures should be in place early in 2004 to enable Sierra Leone to make use of AGOA-based trade.

The United States and other Paris Club countries forgave Sierra Leone's sovereign debt obligations in July 2002. In September 2001 the International Monetary Fund (IMF) provided Sierra Leone a \$169 million loan under its Poverty Reduction and Growth Facility.

Sierra Leone is a member of the Economic Community of West African States (ECOWAS) and the African Union.

Somalia
(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
CSH	250	100	-
DA	3,122	899	986
NADR-HD	450	-	-
P.L. 480 Title II	136,422	88,984	-

The United States has three primary interests in Somalia: national security and law enforcement; democracy and human rights; and humanitarian assistance. U.S. policy goals include removing the terrorist threat in Somalia and preventing the use of Somalia as a terrorist base, ensuring that unfavorable developments in Somalia do not threaten regional peace and stability, and overcoming the long-term governance challenges exploited by terrorists in Somalia. In the absence of a national government and institutional capacity in Somalia, U.S. assistance seeks to contribute to the socio-economic recovery and create an enabling environment for long-term institutional and policy change.

The combination of civil war, external intervention, clan conflict, and poverty abetted by natural disasters has resulted in the “failed state” of Somalia. Somalia has lacked a central government since the collapse of the Siad Barre regime in 1991. In the same year, the former British colony of Somaliland declared independence from Somalia and established the self-proclaimed “Republic of Somaliland” in northwest Somalia, but has thus far failed to achieve international recognition. In 2000, reconciliation talks sponsored by the Intergovernmental Authority on Development (IGAD) resulted in the establishment of the Transitional National Government (TNG), which was given a three-year mandate to create a new central Somali government. This mandate expired in August 2003 without producing a new central Somali government. Several political and military opposition groups also currently exist, including the semi-autonomous region of Puntland in northeastern Somalia, challenging the authority of the TNG, which aspires to be the nucleus of a national government but controls only a portion of the capital, Mogadishu, and a section of Somalia’s long coastline. The United States currently does not recognize any Somali government, although it does maintain informal contacts with various provincial authorities and power centers. 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. Foreign assistance and remittances from overseas are Somalia’s primary sources of income. Despite the lack of a central government, the telecommunications industry thrives in Somalia with a wide cellular phone network and cellular phone rates amongst the cheapest in sub-Saharan Africa. Livestock, one of its principal exports, is largely banned from major regional markets in the Arabian Peninsula due to the lack of veterinary certifying capabilities for Rift Valley Fever. There is little infrastructure, and even less in the way of civil services. This situation provides a fertile ground for international terrorism and lawlessness. The assets of two organizations active in Somalia, al-Ittihad al-Islami and the al-Barakaat group, were frozen following President Bush’s executive order of September 23, 2001, due to their links to terrorist groups.

Widespread insecurity and the absence of legitimate governance in most of Somalia’s territory, combined with a shortage of information resulting from the lack of a U.S. presence in Somalia since 1995, make achieving U.S. goals in Somalia very challenging. These factors also limit the ability of the United States to

supply substantial amounts of assistance other than humanitarian aid through international humanitarian organizations and make it impossible for Somalia to participate in other arrangements, such as the African Growth and Opportunity Act.

In this context, we will provide Development Assistance (DA) funds in FY 2005 through non-governmental and international organizations to improve the standard of living of the Somali people while strengthening local governance and conflict mitigation. This mix of assistance will enable people to seek a more productive livelihood while meeting the critical needs of vulnerable groups and helping to build democratic institutions and practices in Somalia. FY 2002 regional Economic Support Funds (ESF) are being used to improve and expand basic education in Somalia and to increase retention of girls in schools in the "Republic of Somaliland". 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.

FY 2002 ESF was used to support municipal elections held in the territory of the "Republic of Somaliland" in December 2002, which were characterized as generally free and fair. In April 2003, Somaliland conducted presidential elections declared free and fair by international observers. FY 2005 Africa Regional ESF will support legislative elections, which are currently scheduled for June 2005.

Despite efforts by the USG and other donor countries, the underlying problem in Somalia continues to be the lack of a central government, without which Somalia will be unable to confront long-term terrorism issues or effectively promote economic development in the region. In this regard, the United States has provided support for Somali reconciliation talks taking place in Kenya and will continue to work with local and regional authorities and other states in the region in future reconciliation efforts to promote national dialogue and the establishment of a central Somali government.

South Africa
(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
CSH	28,565	23,328	24,011
DA	34,393	28,678	26,789
ESF	80	1,988	1,000
FMF	5,950	-	-
IMET	1,258	1,600	50
INCLE	-	1,770	1,770
NADR-EXBS	-	-	25
Peace Corps	2,745	2,978	3,463

With its globally-integrated and resource-rich economy, its diplomatic profile, and its ability to project limited military force beyond its borders, South Africa is a cornerstone of regional stability and the essential foundation for economic growth in southern Africa. The United States has major interests in South Africa's continuing development as a stable, democratic and market-oriented state, one that is capable of addressing its major internal challenges (joblessness, racially-demarcated income disparities, and the health catastrophe of HIV/AIDS) and maintaining a positive and active role in Africa. Although South Africa opposes some U.S. policies in international fora, it is a cooperative partner in tangibly addressing terrorist and international crime threats, nonproliferation, regional instability and the security of Americans visiting South Africa. The government has sought a balance between using affirmative action-type policies to address the economic legacy of apartheid for its black majority while maintaining a good investment climate for domestic and foreign investors. By contributing to South Africa's economic development, the United States helps ensure the durability of the market-based model in southern Africa and sustains an open door for enhanced U.S. trade and investment in the region.

Adult HIV prevalence in South Africa is estimated at 20 percent and South Africa has the world's largest populations of AIDS victims and AIDS orphans. Out of humanitarian concern and to prevent this pandemic from undermining South Africa's development efforts, the USG, along with the South African Government and other donors, is applying increasing resources to the challenge. As one of the focus countries of the President's Emergency Plan for AIDS Relief, South Africa will receive a portion of the \$1.45 billion requested for the Global HIV/AIDS Initiative account to expand comprehensive and integrated prevention, care and treatment programs. Country allocations of Global HIV/AIDS Initiative funds have yet to be finalized. Child Survival and Health (CSH) programs will continue to focus on primary health care delivery, with an increased focus on capacity building. A joint DOD-NIH program will be launched in FY 2005 to help the South African National Defense Force (SANDF) deal with the HIV/AIDS challenge to the armed forces.

The United States also has a clear interest in helping South Africa address a serious problem with local and international organized crime, as well as the related threat of terrorist activity. The country's developed economy and financial institutions, coupled with incomplete or under-funded regulatory and policing powers, have left it vulnerable to crime syndicates and potentially to terrorists. 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. Regulatory changes and additional resources are being identified to help deal with general crime, with Trafficking-in-Persons (TIP) abuses, the drug trade, document fraud and related challenges.

The South African Government has requested USG assistance to help it address international organized crime and potential terrorist threats, and our governments together have identified the following priorities for continuing assistance in FY 2005: border controls, counternarcotics, youth and domestic violence, sex crimes, organized crimes, major case management, corruption, and money laundering. In all of these areas, FY 2005 International Narcotics Control and Law Enforcement (INCLE) resources will be used to assist in building South African judicial and law enforcement capacity to deal effectively with its very serious crime problems. In addition, FY 2005 ESF resources will be used 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.

Education is another high priority in U.S. assistance to South Africa, with the long-term objective that of workforce development. Through USAID programs in curriculum reform and implementation, teacher training, and institutional strengthening, FY 2005 Development Assistance (DA) will continue to support South African Government efforts to overcome the legacy of substandard-to-nonexistent schools, books and teachers serving the black majority. Rapidly improving the now integrated primary and secondary school system is essential if South African workers are to compete successfully under the free market model their government has embraced.

FY 2005 DA will continue to focus on and 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. USAID programs will promote the 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. FY 2005 DA programs will also support private sector development as well as the delivery of housing and related human services.

USG-provided technical assistance is helping small, medium and micro-enterprises in South Africa succeed and in many cases expand their workforce. One aspect of this effort is to help them take advantage of the important trade benefits presented by the African Growth and Opportunity Act (AGOA). To date, over 500,000 low-income households have benefited from USG-facilitated home loan guarantees or enhanced services. USAID-facilitated technical assistance and credit for small farmers is helping another key sector and benefits historically disadvantaged farmers, including those who will participate in land-reform programs.

South Africa's political and military leadership in southern Africa and beyond is a key element for promoting regional stability. Modest funding for International Military Education and Training (IMET) activities has been requested for FY 2005.

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 provided Non-proliferation, Anti-terrorism, Demining and Related Programs - Export Control and Related Border Security (NADR-EXBS) funds for a cooperative program to help establish a fully effective export control system in South Africa.

South Africa is eligible in FY 2005 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 C-130s from FY 1996, as well as FY 2002 and 2003 FMF and PKO funds, were used to support South Africa's mission in Burundi.

The Peace Corps has an active program in South Africa, focusing on community health and education. Volunteers are working with educators, parents and community members to foster greater partnership between schools and their communities. They are also involved in activities related to HIV/AIDS.

Sudan
(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
CSH	700	11,500	11,000
DA	18,171	50,263	70,000
ESF	7,000	9,941	20,000
IDFA-SUP	-	20,000	-
NADR-HD	896	1,000	1,800
P.L. 480 Title II	111,316	44,664	-

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 and resource wealth, and location in the volatile Horn of Africa, it is important to U.S. national interests in the region that the Sudanese reach a just, negotiated resolution to the country's ongoing civil war.

The United States is generally pleased with the Government of Sudan's cooperation on counter-terrorism, though some concerns remain due to the presence of representatives of terrorist groups such as HAMAS and Palestine Islamic Jihad. Persons based in Sudan continue to provide support to the Lord's Resistance Army, a Ugandan terrorist group, though the government does not appear to provide such support. Sudan remained on the state-sponsors of terrorism list at the end of 2003.

Sudan's civil war of 20 years is a cause of great concern to the United States and the international community. Two million Sudanese have died of war-related causes. Coupled with frequent droughts, war is the primary cause of the long-term humanitarian crisis that has required over \$1.3 billion in humanitarian assistance from the United States. This pervasive human suffering and its contribution to regional instability have necessitated continued action and involvement by the United States.

With that in mind, the chief U.S. short-term goal is an end to the conflict. Slavery, abductions, forced servitude, human rights abuses, and religious persecution are all consequences of the civil war that both warring parties say they want to end. To address these, 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. During 2001 and 2002, Senator Danforth's work, supported by Economic Support Funds (ESF) from the Countries in Transition account, has led to the conclusion and implementation of four concrete confidence-building measures: an internationally-monitored cease fire in the Nuba Mountains, an agreement on unimpeded access for special humanitarian interventions, a report by an anti-slavery Eminent Persons Group, and the formation of a U.S.-led civilian protection and monitoring team. Support for these initiatives is essential to maintain an atmosphere conducive to peace talks while negotiations are underway. If peace talks succeed in 2004, reconstruction and development in Sudan, particularly southern Sudan, will become a high priority for the United States. Non-proliferation, Anti-terrorism, Demining and Related Programs – Humanitarian Demining (NADR-HD) resources will be required in FY 2005 to develop an indigenous humanitarian demining capacity to provide safe passage for refugee and internally displaced persons (IDP) returnees. ESF will be required in FY 2005 to ensure implementation of a just peace, including administrative, technical, legal, operational and other support. If peace talks are unsuccessful, ESF will be used to support the Sudanese opposition and provide additional assistance to the south.

Inequitable access to resources and disruptions in production, marketing and service delivery as a result of years of isolation, neglect and conflict are the primary challenges in humanitarian and development

assistance in war-affected areas of Sudan. The isolation of some areas, in combination with continued warfare have effectively stalled assistance and prevented access to even the most essential goods and services. The vast areas over which aid needs to be provided, the enormous physical challenges - from swamp to desert-like conditions - and the lack of basic infrastructure make the delivery of humanitarian and development assistance logistically very difficult and costly. Many war-affected areas of Sudan have few roads, and no electrification or telecommunications infrastructure. Millions of Sudanese lack access to basic education, business opportunities or markets, basic health care services and even rudimentary judicial systems. Communities are largely without the ability to receive accurate information about the post-peace environment, and the tools needed to promote the participation of civil society in the new government. Polio, malaria, guinea worm, river blindness, and other diseases are prevalent, and the potential threat of a rapid increase in the rate of HIV/AIDS infections is significant. In spite of these serious humanitarian and development issues, there are large areas of relative stability and calm in opposition-held areas of southern Sudan where communities are working to help themselves, but urgently need support in becoming more efficient and able to meet expectations raised by the prospect of peace.

In FY 2005, Development Assistance (DA), Child Survival and Health (CSH), and ESF will be used to continue support for the longer-term development challenges prevalent in southern Sudan, with an emphasis on building capacity at the local level and improving skills of southern Sudanese to become increasingly self-reliant. Assistance will focus on good governance, basic education, health, economic recovery and support for peace implementation. Good governance activities will include assistance to developing democratic institutions and skills, and civil society authority partnerships in decision-making. Economic recovery activities will enhance food security opportunities, including assistance in restoring and increasing traditional food production, increasing market demand and access for local sources of food, and providing access to start-up capital for small local businesses. In addition, rehabilitation of major farm-to-market roads and other infrastructure essential to economic recovery in southern Sudan will begin in 2004. Support to the peace process will include grassroots peace building initiatives led by Sudanese inter-faith and civil society organizations, and incentives such as rehabilitated water sources, schools and markets.

Swaziland
(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
IMET	97	135	100
Peace Corps	1,171	1,317	1,593

Democracy, human rights and humanitarian response are our primary interests in Swaziland. Swaziland is currently reviewing a draft constitution released in March 2003. Meaningful implementation of the constitution will be critical to addressing several key concerns. Rule of law issues, particularly judicial independence, are particularly pressing. Most troubling, the country has been without a Court of Appeals since the Court resigned en masse in December 2002 due to the government's refusal to abide by two of the Court's decisions. The judicial system remains in disarray. Humanitarian concerns include the devastating impact of the nation's 38 percent HIV/AIDS adult prevalence rate which threatens economic and social stability. Lacking a bilateral aid program, we use tools such as the African Growth and Opportunity Act (AGOA) and its textile benefits to encourage economic growth – and we hope increased stability -- through increased business activity and investment.

Although Swaziland does not receive bilateral Development Assistance (DA), it benefits from regional DA funds. The regional USAID center in Botswana implements economic growth programs in Swaziland and will expand its programs in the coming years. Continued support for education will be provided through the DA-funded Africa Education Initiative. U.S. HIV/AIDS-related assistance, provided through the Regional HIV/AIDS program based in South Africa, 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. 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 training workshops through this initiative. In addition, USG assistance supports the National AIDS Committee and prevention of mother to child transmission programs. In collaboration with several donors, additional assistance to strengthen HIV/AIDS surveillance is under consideration. The State and Defense Departments will continue to support an HIV/AIDS awareness program in the Swazi military. USAID provides most of the billboards, pamphlets, and other items the Swazi government uses in its HIV/AIDS public awareness efforts.

Efforts to increase the professionalism of the Swazi military directly support U.S. policy goals of advancing democracy and human rights, and humanitarian assistance. They also bolster our broader goals of supporting regional stability. FY 2005 International Military Education and Training (IMET) resources 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.

Tanzania
(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
CSH	25,040	21,200	19,856
DA	12,769	7,000	7,132
IMET	210	230	100
NADR-EXBS	-	544	25
NADR-SALW	-	-	200
P.L. 480 Title II	22,535	5,813	-
Peace Corps	2,822	2,424	3,387

Regional stability, counterterrorism, the promotion of democracy and human rights, humanitarian response (particularly to refugee issues), and law enforcement are the United States' principal interests in Tanzania. Tanzania's strategic location (adjacent to the Great Lakes region and just south of the conflict-prone Horn of Africa) makes it a vital partner in assuring the stability of East Africa. Having suffered an Al-Qaida terrorist attack (the 1998 bombing of the U.S. Embassy in Dar es Salaam), Tanzania is a strong supporter of the war on terrorism. Tanzania has historically enjoyed internal political stability and continues to support peace and stability in the region, particularly as regards conflict in and between the Democratic Republic of Congo (DRC), Burundi, Rwanda, and Uganda. As a member of the East Africa Community, along with Kenya and Uganda, Tanzania is 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. President Benjamin Mkapa is the 2003-04 SADC chairman.

In Tanzania, the United States has worked to fight the scourge of HIV/AIDS and has successfully enhanced public-private partnerships to counter the disease. Working with the Ministry of Health, we crafted and implemented zonal programs to combat priority infectious diseases like malaria and tuberculosis. As one of the focus countries of the President's Emergency Plan for AIDS Relief, Tanzania will receive a portion of the \$1.45 billion requested for the Global HIV/AIDS Initiative account to expand comprehensive and integrated prevention, care and treatment programs. Country allocations of Global HIV/AIDS Initiative funds have yet to be finalized. CSH will fund a measles and polio immunization program and provide vitamin supplements for Tanzania's chronically vitamin A-deficient population.

FY 2005 Development Assistance (DA) funds will be used for governance, environment, and economic growth activities. As a result of four years of successful work with all major political parties in Tanzania to foster the growth of multi-party democracy, DA funding has decreased in the areas of democracy and governance. Our support for an agreement over the disputed Zanzibar election of 2000 led to peaceful by-elections in May 2003. But, we will continue to finance advanced advocacy training with 55 partner, non-governmental organizations (NGOs) and business associations, as well as an in-house training program in Parliament, and implementation of election reforms leading up to the 2005 elections. In FY 2005 significant new resources will be committed to Natural Resource Management and the environment. We have had a great deal of success working to develop Tanzania's National Park system, especially in working with local communities to better exploit their relationship with the parks. This has led to a decrease in poaching and an increase in the economic development of the communities involved. FY 2005 DA will support implementation of the Government of Tanzania's coastal strategy and fund community-based natural resource management programs. By the end of FY 2005, approximately 1.5 million hectares of land will be under conservation management. In FY 2005, more DA resources will be committed to Economic Growth as well. Improved productivity, increased access to markets and new focus on the

agricultural sector, including reducing red tape and shifting from parastatal activity to a market economy, will provide results. Already the coffee industry has been successfully assisted.

Peace Corps' FY 2005 programming plans continue to be very active and are complimentary to the use of CSH and DA funds in Tanzania. The number of volunteers is increasing rapidly in Tanzania due to the stability of the country.

Tanzania is eligible for the trade benefits of the African Growth and Opportunity Act (AGOA) and is working to complete the requirements for AGOA's additional textile and apparel benefits. The government and private sector remain intensely interested in accessing the AGOA program and attended the December 2003 AGOA Forum in Washington.

Tanzania has been key to our efforts to bring peace to the Great Lakes region of Africa. During 2003, President Mkapa, other Eastern and Southern African Presidents and the government of Tanzania significantly assisted the successful conclusion of a Burundi peace deal between the government of Burundi and the major opposition party. However, there is much work to be done as nearly 500,000 refugees prepare to return home. Tanzania will need P.L. 480 funds in FY 2005 if the current drought continues to affect food production and the refugee populations remain in country.

In the past, International Military Education and Training (IMET) programs have helped to professionalize the Tanzanian Peoples' Defense Force (TPDF) and train it to better control the country's borders as well as manage refugee flows from conflict areas like Burundi. As of January 2004, Tanzania had not signed an Article 98 agreement with the United States and is therefore restricted from receiving certain military assistance in accordance with the American Servicemen Protection Act (ASPA). If on-going negotiations with Tanzania are successful in FY 2004, IMET funds for FY 2005 will support the training of 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. The courses will 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.

If not prohibited by ASPA, Tanzania will be eligible in FY 2005 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 in the region. As home to more than a million refugees over the last decade, Tanzania has benefited from IMET and EDA funds and used them effectively in the past.

Togo
(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
IMET	116	125	120
Peace Corps	2,415	2,433	2,587

The United States seeks to promote democracy and human rights, advance economic development, and combat the scourge of HIV/AIDS in Togo in order to further our strategic goal of regional stability.

Togo is governed by Africa's longest-ruling head of state, President Eyadema, who has held office since 1967. Last June Eyadema won re-election in voting marked by fraud and intimidation. He ran for re-election despite pledging in 1999 to retire in 2003. A pliant National Assembly, filled by his supporters after main opposition parties boycotted legislative elections in October 2002, in December 2002 amended constitutional term limits to enable Eyadema's candidacy. Opposition parties then failed to unite behind one candidate, which contributed to their loss to Eyadema in the presidential election.

Most bilateral and multilateral aid to Togo has been cut off for a decade because of the country's stalled transition to democracy and its poor human rights record. The World Bank suspended funding in 2002 due to an accumulation of arrears and the International Monetary Fund (IMF) is closed to Togo. The Bank and Fund will not renew financial assistance to Togo until traditional donors (in particular the European Union) resume assistance based on genuine progress on democratic reforms. However, both the EU and the United States are increasingly concerned that the cut-off in assistance has only hurt the general population and left Eyadema unscathed. Targeted assistance for the education system, for instance, may be a vehicle for increased aid, if a way can be found so that Eyadema would not claim credit for the aid.

Togo is ineligible for trade benefits under the African Growth and Opportunity Act. In addition to the slow pace of democratization, there remain credible reports of human rights' violations by Togo's security forces.

The bulk of U.S. assistance to Togo goes to address health and social concerns - combating HIV/AIDS and trafficking in children. According to the United Nations, Togo has the second highest rate of HIV/AIDS in West Africa - 8.5 percent. Along with anti-HIV work with the media and civil society by a U.S. non-governmental organization (NGO) and Peace Corps volunteers, some funding is now being steered toward the Togolese military, a key disease vector, with very positive results. President Eyadema strongly supports anti-trafficking initiatives.

To support a successful transition to democracy, it is vitally important to improve the military's professionalism and commitment to democracy. The FY 2005 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. Although a modest program, it will facilitate development of professional and personal relationships that may provide U.S. access and influence in a critical sector of society. Togo is eligible in FY 2005 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act.

The Peace Corps program in Togo focuses on education, business development, girls' empowerment, 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 is a member of the Economic Community of West African States (ECOWAS) and the African Union.

Uganda
(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
CSH	41,114	34,460	34,294
DA	27,183	27,182	20,450
FMF	-	1,990	-
IMET	170	200	225
P.L. 480 Title II	75,896	22,580	17,591
Peace Corps	1,480	1,411	1,655

Promoting democracy, liberalizing the economy, improving primary education and combating HIV/AIDS are the United States' primary interests in Uganda. Uganda solidly supports coalition efforts to defeat terrorism and has taken several effective law enforcement and financial sector actions to help the coalition. The United States also is concerned about the problem of terrorism in Uganda as the Government of Uganda continues to battle terrorists who have abducted and killed thousands of Ugandans. To address this issue, Uganda is participating in the President's East Africa Counter-terrorism Initiative. U.S. assistance will be used to promote democratization, good governance, human rights and health as we continue to create greater economic opportunity and growth for Uganda'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: the civil wars in the Democratic Republic of Congo (DRC), Sudan, and Burundi.

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, and that political parties will be allowed to organize beginning in 2004. The United States will encourage the Government of Uganda to adhere to this timetable. Development Assistance (DA) funds are being utilized to support effective governance in Uganda, including providing technical assistance, capacity building, and training for civil society, the legislative branch, and local government. Support is also being provided to areas of the country affected by terrorist conflict to promote peace, reintegration of terrorist abductees, and development. FY 2004 Child Survival and Health Programs (CSH) funding and DA are being used for the Community Resilience and Dialogue program aimed at providing psychosocial support to formerly abducted children, internally displaced persons, and neighboring communities in Northern and Western Uganda; community peace building in conflict-affected areas; and addressing HIV/AIDS and conflict.

FY 2005 DA will be used to continue to expand economic opportunities for rural Ugandans, including support of Ugandan efforts to utilize the African Growth and Opportunity Act (AGOA) to create jobs. The United States will provide technical assistance and training to improve agricultural and livestock production, build and diversify Uganda's export base, and strengthen resource management to preserve Uganda's fragile ecosystems. Substantial attention will continue to be directed to the private sector and non-traditional agricultural exports, areas in which the United States is already working. Progress has been made in expanding the resources available to microfinance borrowers through strengthening microfinance institutions and expanding guaranteed loan funds.

In Uganda, economic growth will also depend on continued improvements in health and primary education. Ugandan government and donor efforts are addressing infant mortality, HIV/AIDS prevalence, and illiteracy rates. As one of the focus countries of the President's Emergency Plan for AIDS Relief, Uganda will receive a portion of the \$1.45 billion requested for the Global HIV/AIDS Initiative account to expand comprehensive and integrated prevention, care and treatment programs. Country allocations of

Global HIV/AIDS Initiative funds have yet to be finalized. CSH funds will be used to support measures to increase child immunizations, prevent the spread of tuberculosis, reduce malaria, and limit population growth. Efforts to improve child health have been integrated with work to expand the access to and quality of primary education, particularly by and for girls. These activities are supported through the provision of technical assistance and capacity-building to local non-governmental organizations.

FY 2005 International Military Education and Training (IMET) programs will help restore greater professionalism in a reorganized and downsized Ugandan military. FY 2005 IMET programming will provide training in human rights, officer professionalism, peacekeeping, and civil-military relations. This will directly support democratization efforts, create a basis for Uganda to become a possible peacekeeping contributor, and improve its capacity to combat terrorism effectively in border areas.

In FY 2005, Uganda is eligible to receive Excess Defense Articles (EDA) under Section 516 of the Foreign Assistance Act. EDA will support future peacekeeping efforts and help Uganda counter threats from terrorist organizations such as the Lord's Resistance Army.

The Peace Corps returned to Uganda in 2001 and is involved in teacher training for primary education and health extension. In FY 2004, Peace Corps plans an expansion into secondary education and teacher training.

Zambia
(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
CSH	37,904	34,200	34,100
DA	15,676	13,677	11,150
IMET	225	225	225
NADR-HD	450	-	-
P.L. 480 Title II	-	-	2,877
Peace Corps	3,128	2,782	3,179

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 the unsettled situation in one of its largest neighbors (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. Food security in Zambia and the sub-region will be enhanced by better governance, increased public participation in decision-making, and broadened public debate. A peaceful, democratic Zambia will assist in the 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 2005 Development Assistance (DA) funds will support Zambian efforts, both governmental and non-governmental, to strengthen democracy. The current national leadership promised to fight corruption and is following through with public prosecutions of members of the previous administration. Regional Economic Support Funds (ESF) will be used to implement public prosecutor-led investigations of corruption cases. The December 2001 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 2005 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 trade benefits under the African Growth and Opportunity Act (AGOA). Zambia is scheduled to be granted debt relief by the International Monetary Fund and World Bank under the enhanced Highly Indebted Poor Countries (HIPC) initiative in mid 2004. Zambia is the home of the secretariat of the Common Market of Eastern and Southern Africa (COMESA), 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. As one of the focus countries of the President's Emergency Plan for AIDS Relief, Zambia will receive a portion of the \$1.45 billion requested for the Global HIV/AIDS Initiative account to expand comprehensive and integrated prevention, care and treatment programs. Country allocations of Global HIV/AIDS Initiative funds have yet to be finalized. FY 2005 Child Survival and Health (CSH) funds will support child survival and maternal health care programs, 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 2005 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. IMET will also fund courses in anti-corruption and terrorism.

Zambia will be eligible in FY 2005 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.

Landmines in five provinces render an estimated 2,500-square-kilometer area inhospitable for economic development activities. Zambia was accepted into the U.S. Humanitarian Demining Program in FY 2001, and U.S. NADR-HD funds have helped to train and equip an indigenous humanitarian demining unit. FY 2005 NADR funds will enable Zambia to continue mine risk education and humanitarian demining operations that reduce landmine casualties.

The International Law Enforcement Academy in Gaborone, Botswana provides training opportunities for Zambian law enforcement and drug enforcement agents.

Zimbabwe
(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
CSH	11,923	11,100	11,369
DA	2,919	746	1,246
ESF	4,050	2,982	2,000

Zimbabwe is in the midst of worsening political, economic, and humanitarian crises resulting from its government's misrule, repression, and economic mismanagement. Zimbabwe's collapse has caused unrest and great hardships within the country, population dislocations to neighboring countries, and damage to regional economic development. The principal U.S. interests in Zimbabwe are democracy, human rights and economic prosperity. Our policy seeks re-emergence of Zimbabwe as a country with a democratically legitimate government that respects the rule of law and wellbeing of its citizens, that fosters regional peace and stability, and that follows sound economic policies contributing to regional economic growth. Repairing Zimbabwe's tattered institutions and rebuilding its economy will be a long and difficult process that cannot begin without first addressing the underlying political crisis that polarizes this troubled nation. Assistance will help Zimbabwe address its acute HIV/AIDS problem and food shortages, foster reforms to help reverse Zimbabwe's economic and political decline, restore the rule of law and respect for human rights, and promote regional stability. The program remains subject to the restrictions of the Brooke-Alexander Amendment and Section 620q. U.S. policy restricts provision of direct assistance to the Government of Zimbabwe (GOZ). Despite strained relations, Zimbabwe cooperates with the United States on law enforcement and counter-terrorism matters.

Zimbabwe was once a post-independence success story and a force for regional stability and growth, but the actions of the GOZ over the last several years have caused immense damage to the nation's economy, democratic institutions, social cohesion, and welfare. Zimbabwe is experiencing negative economic growth (-13 percent), high inflation (620 percent), and chronic unemployment (70 percent). Political instability, violence and increasing poverty are undermining social stability and the rule of law. Severe food shortages threaten seven million people, over half the population, for a second straight year and will require infusion of donor resources for the foreseeable future. Nearly one-third of the sexually active population is HIV-positive. Acute shortages in basic food supplies, medicines, and fuel persist. The nation's crisis has resulted in a large-scale exodus of teachers, social/health care workers, and professionals with marketable skills. Life expectancy has declined from 61 years in 1990 to 34 years in 2002, infant mortality is 76 per 1,000 live births, and under-five child mortality is 123 per 1,000 live births.

FY 2005 Child Survival and Health (CSH) programs will mitigate the devastating HIV/AIDS pandemic by supporting voluntary HIV counseling and testing (VCT); assistance to those testing positive; economic opportunities for HIV/AIDS-affected households; behavior modification and awareness campaigns; condom availability; public sector and civil society capacity to advance HIV/AIDS policies; assistance to orphans and vulnerable children (OVC); a national anti-retroviral therapy (ART) program; and a national prevention-of-mother-to-child-transmission program. During FY 2004 five additional VCT sites (for a total of 20) and mobile VCT services are being established; social marketing of condoms will result in the sale of at least 26 million male and one million female condoms; mass media campaigns will encourage risk reduction strategies including abstinence and fidelity; over 200 faith-based leaders will receive HIV policy advocacy training; and an estimated 150,000 of Zimbabwe's estimated 800,000 OVC will receive U.S.-supported community-based assistance. In response to the food crisis, the United States is collaborating with UN agencies, other donors, and non-governmental organizations (NGOs) to provide food aid to as many as seven million of the 11 million Zimbabweans remaining in the country.

FY 2005 Development Assistance (DA) and Economic Support Funds (ESF) will continue to promote democracy by increasing civil society's ability to influence economic and political policymaking, especially in Parliament and at local government levels; by building a more effective and accessible Parliament; and by supporting local authorities to be more capable and open to local citizen input. During FY 2005, 15 civil society organizations (CSOs) will receive ongoing training and technical assistance as well as institutional support to strengthen their organizational structures and advocacy to Parliament. This support will help these organizations press for transparency, respect for the rule of law, and changes to repressive legislation while articulating constituents' concerns. The viability of CSOs and an improved culture of interaction between policymakers and organizations representing groups of citizens will foster Zimbabwe's eventual political transition. Progress to date includes sustained CSO viability despite a climate of severe repression and intimidation, greater CSO participation in parliamentary public hearings and committee meetings, and greater parliamentary oversight resulting in several reports critical of Executive branch programs and policies.

CSH, DA, and ESF funds will increase access to economic opportunities for disadvantaged groups in rural and peri-urban Zimbabwe through increased provision of business, communications, and technical services. In light of Zimbabwe's ongoing food crisis and severe economic contraction, food security activities that provide income have become a centerpiece of this program. Anticipated activities for FY 2005 include continued support to two leading micro-finance institutions to provide small loans and other financial services, and training in business, communications, and technical areas. In FY-2003, an estimated 420,126 individuals from over 70,000 households benefited from services funded by the program. By the project's end, 240,049 households representing almost 1.5 million Zimbabweans will have benefited from the program. By helping disadvantaged groups realize economic opportunities, these programs also help address their food security concerns, mitigate the impact of HIV/AIDS through improved diet, and improve livelihoods.

Zimbabwe is not currently eligible for the African Growth and Opportunity Act or for security assistance, largely due to the prevailing political and human rights situation. The Peace Corps presence in Zimbabwe was suspended in November 2001 when the Government of Zimbabwe failed to provide work permits for volunteer teachers.

African Contingency Operations Training and Assistance

(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
PKO	8,000	14,912	15,000

The African Contingency Operations Training and Assistance (ACOTA) program trains and prepares select African militaries to respond effectively to peace support and humanitarian crises on their continent. The program’s comprehensive approach reduces quick response demands on the United States while assuring that the United States is a key partner to peace support efforts in Africa. The program enables African military contingents from different countries to execute multinational peacekeeping operations (PKO) by providing them with interoperable peace support operations skills and basic equipment.

ACOTA works in collaboration with our African partners and European allies and in general agreement with the G-8/Africa “Plan to Enhance African Capabilities to Undertake Peace Support Operations.” Major changes in the program include providing additional flexibility in the training offered (including preparation for higher threat peacekeeping operations), developing the ability of partner nations to sustain capabilities through their own peacekeeping training capacity, and integrating ACOTA efforts with other peacekeeping training. ACOTA also emphasizes equipment maintenance, works with regional and sub-regional organizations, makes use of evaluation measures, and coordinates crisis response training with other U.S. Government programs. The process centers on extensive consultations with African countries and other stakeholders.

ACOTA enhances African capabilities to participate in an expanded range of peace support operations through a program combining classroom instruction, field training, and computer-assisted exercises. Emphasis is placed on preparing host nation trainers to conduct programs of instruction in tasks such as convoy escort, logistics, protection of refugees, negotiations, robust force protection, and command and control. Brigade-level training develops skills necessary for effective sub-regional command and control structures. The program integrates humanitarian, nongovernmental, and international relief organization participation into the training program in order to facilitate critical coordination in real-world operations. ACOTA funds provide basic equipment appropriate to peace support operations (PSOs), such as a comprehensive communications package, portable electric power generators, soldier support, mine detectors, night vision devices, portable light sets, and water purification units.

In 2003, ACOTA training was conducted in Ghana, Kenya, Ethiopia, Senegal and Botswana. The program provides PSO skill training and equipment to battalions capable of PSO deployment, while developing trainer cadres in the partner military that can provide sustained capacity for these militaries to train and prepare their own troops to operate effectively in peace support situations.

ACOTA partners have been instrumental in regional and international efforts to achieve security and stability in Africa. ACOTA and its predecessor program, the African Crisis Response Initiative (ACRI), partner countries are currently active in every UN and regionally-mandated peace mission in sub-Saharan Africa. Kenya provides the current Force Commander for the UN mission in Liberia (UNMIL) and one battalion to the UN mission in Sierra Leone (UNAMSIL), while Ghana provides another battalion. Ghana, Benin, and Mali have contingents serving in UNMIL. Kenya provides a battalion to the UN mission in Eritrea/Ethiopia, and an ACRI-trained Ghanaian brigadier serves as the chief Africa Union military advisor to this peacekeeping effort. Senegal and Ghana provide contingents to the UN mission in the Democratic Republic of Congo (MONUC), while Malawi provides a number of military observers. ACRI/ACOTA trained elements are deployed as part of the Economic Community of West African States (ECOWAS)-

mandated peacekeeping force enforcing the fragile cease-fire in the Ivory Coast, while Ethiopia provides an ACOTA-assisted battalion to support Africa Union peacekeeping efforts in Burundi.

In FY 2005, Peacekeeping Operations funds are needed to continue the ACOTA training program designed for partner countries such as Botswana, Senegal, Mali, and/or South Africa. The program will conduct bilateral and multinational brigade-level training exercises (that include sub-regional organization participants), continue cross-regional work, expand equipment and logistics training support, and begin assistance and training with at least two new partner nations. In addition, training/mentoring support to African regional security organizations will be expanded to help establish strong planning and organizational units that can respond to humanitarian and peacekeeping crises in the region.

Africa Regional Fund

(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
ESF	14,390	11,929	11,000
ESF-REIMB	15,740	-	-

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 with stable governments that strive to enforce the rule of law and create suitable investment climates. 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 infectious diseases.

Institutional weakness, civil, ethnic and religious strife, environmental hazards, and corrupt regimes combine to make parts of Africa highly unstable and unpredictable. Economic Support Funds (ESF) offer distinct advantages for dealing with unanticipated developments or taking advantage of limited windows of opportunity as they open. More ESF resources have been requested in country-specific accounts in FY 2004 and FY 2005 than in the recent past. While the Countries in Transition Fund has been eliminated as a result, the Africa Regional Fund has been retained to respond to more immediate, less predictable needs, and to achieve U.S. foreign policy objectives in countries where USAID has no presence. FY 2005 programming with Regional ESF will permit strategic investments in countries with the will to cooperate on counterterrorism and democracy strengthening initiatives but without the means. Assistance will support efforts to help countries draft counter-terrorism legislation, improve administration of borders, combat money laundering, and create stable governments in places such as Somalia where anarchy gives terrorists potential new bases.

Creating opportunities for American investment depends on stable and predictable institutions of governance. The use of Regional ESF in FY 2005 will also strengthen the rule of law and democratic development through timely interventions in support of electoral processes, human rights, judiciaries, the media, and civil society.

Nearly half of the FY 2005 Africa Regional ESF will be used for democracy, election support, and human rights projects. This might include projects to strengthen parliaments, central governments, and civil society in countries that are not included in the bilateral funding requests; support elections; and address trafficking-in-persons and other human rights concerns in countries such as Cameroon, the Central African Republic, Equatorial Guinea, Chad, and Sao Tome and Principe; as well as efforts to increase the capacity of the Rwandan judicial system to prosecute genocide cases transferred from the International Criminal Tribunal for Rwanda. Roughly one quarter of the FY 2005 Africa Regional ESF will be used to support counterterrorism training and assistance not otherwise provided through other programs, including projects to help countries draft counter-terrorism legislation, improve administration of borders, and combat money laundering.

FY 2005 Regional ESF will also support African efforts to manage its environment and natural resources that are of global value such as the Congo Basin Forest. Its diverse and unique environments also help make tourism the second leading earner of foreign currency in Africa. ESF projects help fill gaps in current efforts to achieve habitat, resource, and species conservation, as well as promote cross-border cooperation.

A special effort is made to ensure that affected communities have a voice in decision-making and derive economic benefit from sustainable management of resources. Helping Africa protect its environment and manage its resources in a sustainable manner will not only help preserve globally important habitats and provide economic opportunity for Africans, it contributes to development of diversified economies that can benefit U.S. interests through trade and investment relationships.

Effective government is necessary for economic growth. FY 2005 Africa Regional ESF will support economic reform through programs that assist with implementation of the African Growth and Opportunity Act (AGOA), trade and investment promotion, and development of capital markets. Donor coordination and burden sharing will help ensure that U.S. resources are used strategically and continue to achieve maximum results with minimum duplication.

Nigeria's success fielding a second civilian administration after national elections held in Spring 2003 represented a landmark development that was helped in large measure by the use of targeted ESF resources to strengthen civil society and field domestic and international election observers. ESF resources were also used to support successful elections, and important democratic progress, in Ghana, Malawi, and Mali. Our successes are not limited to election support activities, however, and we have realized gains in ESF-supported efforts to work with Africans to strengthen their capabilities to impede the flow of terrorist finances, improve border and airport security, and improve judicial systems.

Africa Regional Peacekeeping

(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
PKO	59,134	8,947	45,000

Africa's greatest challenges are conflict resolution and regional stability. Conflict in Africa undermines efforts at promoting effective governance, human rights and economic growth. With U.S. troops and resources heavily dedicated in response to the war on terrorism, it is critical that we continue to invest in efforts to manage and reduce conflict in Africa, and to create an African capacity to respond to their own contingencies. Peacekeeping Operations (PKO) funds will be used to help end destructive conflicts in Sudan, Burundi, the Democratic Republic of Congo (DRC), and Cote d'Ivoire, as well as Liberia and the other Mano River states of Sierra Leone and Guinea. Funds will be used to place African forces in the field either to guard against the outbreak of fighting or to uphold ceasefires and peace agreements. PKO funds will also help to implement vital security sector reform (SSR) requirements in Liberia and Sudan. In addition, PKO resources will continue to be used to sustain or implement important capacity building efforts in regional organizations such as the African Union (AU) and the Economic Community of West African States (ECOWAS). 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.

For West Africa, PKO funds will be used to continue programs to train and restructure Liberia's armed forces, an absolutely vital component of bringing stability to Liberia and the region and allowing the UN to drawdown its large peacekeeping mission. Funds are also needed to assist African peacekeepers to complete peacekeeping activities in Cote d'Ivoire, but more importantly to help assist the country to reintegrate and reform the military so that it no longer poses a hazard to democratic governance. Funds will also help West African forces maintain and use USG-provided surplus military equipment at the Logistics and Logistics Training Depot in Freetown, Sierra Leone; support ECOWAS with communications among member states; and train peacekeeping units and staffs at three regional training centers.

In the Democratic Republic of Congo (DRC) and Burundi, scene of Africa's first multi-nation regional war and an extreme humanitarian crisis, PKO funds will enable African forces to deploy in support of peace agreements. Assistance will include individual equipment, vehicles, communications gear, generators, aerial and sea transport, and contract logistics. Funds will also support demobilization and disarmament of rebel forces in the region. In conjunction with European partners, we will continue efforts to integrate and reform the Congolese and Burundian armies.

In the Sudan, with the presumed end to the civil war, consolidating the peace through reform of the security forces and deployment of international and peacekeeping and monitoring mechanisms will require support. Of most importance will be supporting the process of integrating the new Sudanese joint-integrated military units while helping reform the Sudanese Peoples Liberation Army (SPLA). This assistance will include training and equipment to professionalize the senior defense staff, to train newly integrated and SPLA units, especially on civil-military relations and human rights, and to provide defense resources management. PKO funds will also support deployment of regional monitors and peacekeepers through equipment, training and logistical support.

PKO-funded programs have produced concrete results in our efforts to bring peace to Africa and expand African capacity to manage conflict. In FY's 2002 and 2003, the USG assisted the deployment of South African National Defense Force (SANDF) and Ethiopian Peoples' Defense Force peacekeepers to Burundi, which was critical to bringing parties to Bujumbura so that a long-term peace agreement could be signed

and implemented. During FY 2002 and FY 2003 in Sudan, the Department selected a contractor to run the Civilian Protection Monitoring Team (CPMT) and provided logistics support to the Joint Military Commission in the Nuba Mountains. Both of these efforts were vital to heightening confidence in the peace negotiations in Kenya as well as improving the humanitarian and human rights environment in Sudan.

In West Africa, our capacity building assistance to ECOWAS has paid great dividends as the organization seeks to support the peace agreements in Liberia and Cote d'Ivoire. As a direct result of U.S. logistics assistance, West African peacekeepers deployed to Liberia soon after the signing of the peace agreement and helped abate the humanitarian crisis and restore peace to many parts of the country. PKO-funded contractor logistics has supported the ECOWAS Mission in Cote d'Ivoire (ECOMICI) which has successfully monitored the ceasefire line and mitigated early calls for the transition to a much more expensive UN force.

PKO funds are supporting efforts to strengthen the Achilles' heel of African forces everywhere: logistics. The PKO-funded Logistics and Logistics Training Depot in Freetown, Sierra Leone has played a critical role in two separate ECOWAS deployments in 2003. With U.S. and French assistance, including through the use of USG-owned equipment maintained at the Freetown depot, five ECOWAS countries deployed to Cote d'Ivoire in January 2003. Later, the depot helped facilitate the deployment of ECOWAS peacekeepers to Liberia. ECOWAS is also aided in this effort through a PKO-funded satellite communications package that linked member state ministries of defense on a round-the-clock basis.

Using FY 2002 and FY 2003 PKO funding, the Department has sponsored the Pan Sahel Initiative (PSI), a multi-year effort to wage the war on terrorism and enhance regional peace and security in the Sahel region of West Africa. PSI aims to assist the countries of the Sahel – Chad, Niger, Mauritania and Mali – in counterterrorism, controlling their borders, countering traffickers and smugglers, and monitoring the trafficking of people and illicit material through their territories. Initial coordination activities funded by PKO have drawn countries in the region together and permitted information sharing and operational coordination which will improve their collective ability to respond to threats within and between their borders. Special unit training begins in FY 2004.

Military Health Affairs

(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
FMF	1,990	1,490	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 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 governments in many sub-Saharan African countries often neglect to provide health care resources for uniformed services. Further, international HIV/AIDS organizations rarely address the problems inherent in the military sector. Among Western nations, the United States stands alone in offering a program for African military forces. Keeping African militaries healthy and capable of protecting the state and its citizens, and able to participate in regional and international peacekeeping operations is directly related to U.S. foreign policy goals. Retaining African military personnel who have benefited from U.S. technical training, International Military Education and Training (IMET), and other capacity development programs for the duration of their careers is also a sound investment.

Under provisions of the Department of Defense (DoD) HIV/AIDS Prevention Program, the DoD provided \$3.5 million in Health Care funds in FY 2003 and will provide nearly \$4 million in FY 2004. DoD's role under this program is 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 27 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.

FY 2005 Foreign Military Financing (FMF) funds are required to supplement the DoD HIV/AIDS Prevention Program effort through the procurement of laboratory and medical supplies, testing equipment, and rapid test field kits that will both complement and sustain the training initiative in African partner countries.

All these activities are being integrated into the President's Emergency Plan for AIDS Relief and are within the purview of the Global AIDS Coordinator.

Regional Organizations

(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
ESF	1,700	2,982	1,000

U.S. support of African regional organizations increases trade and the free flow of goods, services and capital to achieve the goals of economic prosperity and security, and regional stability. Regional economic integration can promote greater U.S. trade and investment in the region as small fragmented African economies combine to achieve the kind of market scale needed to attract U.S. traders and investors. The Regional Organizations ESF program will provide technical assistance to such regional organizations as the Southern African Development Community (SADC); East Africa Community (EAC); Common Market of Eastern and Southern Africa (COMESA); Economic Community of West African States (ECOWAS); and West African Economic and Monetary Union (WAEMU);

FY 2005 Regional Organizations ESF will be used to strengthen the institutional capacity of the organizations themselves and help them design the kinds of initiatives and programs that will contribute to regional and global economic integration, especially for opening markets and harmonizing tariff structures, and for investment and sectoral policies. Adherence to World Trade Organization (WTO) standards, and customs, border, and financial sector reforms that promote integration are some of the goals that will be pursued.

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. In this context, ESF will be used to assist ECOWAS to implement its decision to adopt the common external tariff put into place earlier by the WAEMU countries. Working with the ECOWAS Community Computing Center, this will involve funding to provide a computer network link among relevant trade and statistical agencies and training for personnel using the network as well as funding for mixed public/private sector trade committees to examine and make recommendations concerning other impediments to greater intra-regional trade.

In east and southern Africa, the focus will be on workshops and training to promote the harmonization of investment codes and regional policies to promote greater trade in agriculture within COMESA. There will be a particular focus on training to strengthen capacity in the area of phytosanitary regulation, taking advantage of the first ever appointment of an Agriculture and Phytosanitary Inspection Service (APHIS) specialist to the regional USAID competitiveness hub. ESF will be used to continue the African Growth and Opportunity Act (AGOA) linkages program in collaboration with the International Executive Services Corps to accelerate trade and investment links between the United States and COMESA countries.

Over the past several years a number of these organizations have registered notable progress in regional integration. The West African Economic and Monetary Union began implementation of a common external tariff and attracted a major U.S. investment that was predicated on the single regional market. COMESA's reduction of tariff barriers has resulted in a rapid increase in intra-regional trade from \$300 million to \$2.7 billion in ten years. Under the AGOA linkages program, there has been a concerted effort to achieve phytosanitary standards for the produce of fresh fruits and vegetables with Zambia gaining USDA approval for the export of a number of additional products to the United States. In addition, two of these regional organizations, COMESA (2000) and WAEMU (2001) have entered into Trade and Investment Framework Agreements (TIFAs) with the United States. These organizations have also served as valuable

platforms for AGOA Implementation Workshops as well as for consultations between the United States and African member states of these regional organizations on WTO matters.

Safe Skies
(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
ESF	5,000	4,971	5,000

The Safe Skies for Africa (SSFA) initiative enhances U.S. economic prosperity, improves international law enforcement, increases the safety and security of airline passengers, including U.S. citizens, and advances the fight against terrorism. SSFA also encourages economic integration and growth and facilitates the expansion of aviation links, expanding opportunities for business travel, tourism, and cargo movements. Sub-Saharan Africa's enhanced participation in the global economy will lead to an increase in U.S. exports and imports from the region and promote regional stability. In addition to aviation security, improved passenger and baggage screening brought about by SSFA helps to combat narcotics trafficking and weapons smuggling.

SSFA recognizes that aviation safety and airport security are prerequisites for African economic development and will contribute to increased trade and investment between the United States and Sub-Saharan Africa. The primary goal of SSFA is to increase the number of African nations meeting International Civil Aviation Organization (ICAO) standards, but there are also four other components:

- Economic development;
- Combating international terrorism;
- Promoting U.S. exports; and
- Combating illegal drugs and contraband smuggling.

In FY's 2000 and 2001, SSFA interagency teams, composed of representatives from the Department of Transportation (DOT), the Federal Aviation Administration (FAA), the Department of Defense, and elements of what is now the Department of Homeland Security, surveyed airports in eight of the now ten SSFA countries. The resultant detailed reports are being used as the roadmaps for reaching ICAO standards in aviation safety and security in these countries. The original nine Safe Skies countries are Kenya, Tanzania, Cape Verde, Angola, Cameroon, Namibia, Mali, Zimbabwe, and Cote d'Ivoire. In FY 2003, Uganda became the newest SSFA participant. SSFA activities in Cote d'Ivoire are currently suspended under sanctions mandated by Section 508 of the Foreign Assistance Act and activities with Zimbabwe are in abeyance due to political considerations, leaving eight active SSFA partners in 2004.

SSFA teams continued work in FY 2002 and FY 2003 with aviation officials from these eight SSFA countries and began implementation of SSFA recommendations, work that is continuing in FY 2004 and being intensified under the President's Counterterrorism Initiative for East Africa. In FY 2003, Cape Verde became the first SSFA participant to attain FAA Category I status. (A Category I rating indicates that a country's civil aviation authority has been found by an FAA audit to meet ICAO safety oversight standards. A country must have a Category I rating before it can begin direct flights to the United States.) Based on future DOT recommendations, Safe Skies may invite additional countries to participate in FY 2004 and FY 2005. Nations being considered include Benin, Botswana, Gabon, Mauritius, and Mozambique.

The tragic events of September 11, 2001 forced the Department of State and its implementing partner DOT to review the priorities of the Safe Skies program. State and DOT agreed on the need to retain the goal of increasing the number of African nations meeting ICAO standards on both safety and security. Achieving

this goal would allow more African airlines to fly international routes and advance the integration of Africa into the global economy. However, both departments also recognized 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 supplied x-ray, explosive trace detectors, and other similar equipment to seven SSFA nations in FY 2003 and will also do so for Uganda in FY 2004. Also, a regional safety and security expert will be stationed in Nairobi in FY 2004 for at least one year.

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, SSFA funded a Fall 2002 conference on air cargo operations in Washington, D.C., that brought together country and commercial sector representatives to discuss expansion of air cargo operations, and a regional conference in East Africa concerning satellite navigational systems.

In FY 2004 and FY 2005, DOT, State’s implementing partner intends to continue its efforts to bring several more of the Safe Skies countries into compliance with ICAO safety and security standards, especially Kenya and Tanzania, and hopes to advance its activities to establish self-sustaining Regional Training Facilities in one or more of the designated Safe Skies countries. Such facilities are intended to support the near-term goal of providing human capacity-building in a more cost-effective manner and, in the longer term, serve African nations and promote aviation safety, security, and capacity-building after the U.S. - funded SSFA program ends.

EAST ASIA AND THE PACIFIC

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Burma
(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
CSH	2,000	-	-
ESF	6,954	12,923	7,000

Burma, strategically located between China and India in Southeast Asia, remains of continuing concern to the U.S. U.S. interests in Burma include: promoting democracy, supporting human rights and religious freedom, fighting HIV/AIDS, furthering effective counter-narcotics efforts, World War II remains recovery and promoting regional stability.

Since 1962, Burma has been ruled by a military junta (now known as the State Peace and Development Council (SPDC)) that has suppressed 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 election, imprisoned hundreds of democracy activists and placed Aung San Suu Kyi (ASSK), the Nobel prize-winning leader of Burma's pro-democracy forces, under house arrest. U.S. government policies maintain pressure on the SPDC to engage in meaningful dialogue with the democratic opposition leading toward a peaceful transition to civilian rule. In 2002, the regime released Aung San Suu Kyi from house arrest. In May of 2003, the government once again detained ASSK and many other leaders of her political party after an attack on her traveling convoy by government-affiliated thugs. The SPDC has announced plans to move forward with a "roadmap" for democratic change but has not clarified the role of the democratic opposition in these plans.

In addition to work inside the country, ESF funds also target the ethnic populations that have fled 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 and victims of trafficking living inside Burma and along Burma's borders in neighboring countries, particularly Thailand. Such assistance helps ethnic populations maintain their cultural identities, builds and strengthens 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 2003 Actual	FY 2004 Estimate	FY 2005 Request
CSH	22,100	29,860	25,300
DA	3,687	2,000	2,200
ESF	15,000	16,900	17,000
IMET	-	-	50
NADR-HD	2,765	3,038	3,300
NADR-SALW	-	300	-

Promoting peace, stability and democratic development in Cambodia is essential to the region's stability in the wake of thirty years of war and Khmer Rouge genocide. As a participant in the 1991 Paris Peace Accords on Cambodia, the U.S., 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 depend on the Cambodian government's progress towards democracy and respect for human rights.

Since 1997, assistance to Cambodia has been funneled almost exclusively through non-governmental organizations (NGOs) and international organizations. Program areas include assistance to political parties to strengthen their internal democratic participation, support for organizations engaged in strengthening civil society, health care needs such as maternal/child health, HIV/AIDS prevention, basic education, anti-trafficking, humanitarian demining and aid to mine victims.

U.S. support will assist NGOs working specifically in the area of human rights and good governance. Some support will be devoted to creation and protection of democratic institutions. Organizations receiving U.S. assistance address such issues as domestic violence, legal education, labor rights, government transparency, environmental management, rights of women in society, rule of law training, corruption and public accountability, an independent press and legal assistance to the poor.

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. Non-proliferation, Anti-terrorism, Demining and Related Programs (NADR) assistance will fund the U.S. contribution to the humanitarian demining program, which is administered through an independent contractor and NGOs.

In the social sector, U.S. assistance to NGOs, international organizations and the Ministry of Women's Affairs will assist programs to combat human trafficking and aid the victims, mainly women and children. If restrictions were lifted, assistance might also be used to reform the judicial sector, especially in countering trafficking in persons and supporting Cambodian adherence to international adoption norms.

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 2005. 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.

Child Survival and Health (CSH) funds will be used to support maternal and child health programs and meet the reproductive, family health and infectious disease needs of Cambodia's rural population. Development Assistance (DA) funds will support basic education.

East Timor
(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
ESF	24,838	22,367	13,500
FMF	1,990	1,988	1,000
IMET	119	150	300
Peace Corps	1,219	1,413	1,823
PKO	3,250	1,988	-

The U.S. has important political and security interests in East Timor. The people of East Timor celebrated full independence on May 20, 2002, completing a rapid transition from UN administration to self rule that included development of a constitution, election of President Xanana Gusmao, transformation of the Constituent Assembly to the National Parliament and inauguration of the new Prime Minister and Cabinet of Ministers. The UN Mission of Support in East Timor (UNMISSET) is currently scheduled to close in May 2004 but may be extended in considerably smaller numbers to provide support to the security sector.

The U.S. intends to continue to help East Timor with assistance aimed at establishing a stable and secure democratic government and a growing market economy. 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 take permanent hold in East Timor, the U.S. must continue to support the development of a 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 2004, the last of the 60 police officers the U.S. contributes to the civilian police (CIVPOL) component of UNMISSET will depart. We are now working with other donors to develop follow-on police training programs.

The establishment of East Timor as a new, viable democracy will require substantial institution building. Economic Support Funds (ESF) will support development of East Timor's civil society and democratic and economic institutions by promoting the formation of non-governmental organizations 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. Finally, because of delays in the flow of revenues from East Timor's gas reserves, ESF funds will be used to contribute to an extension of the World Bank-administered Transitional Support Program, which assists East Timor's nascent governing structures and provides critical backing for implementation of the National Development Plan promoting priorities in basic education, health and poverty reduction.

This request for \$13.5 million in ESF funds, a reduced level from previous years, reflects expectations that natural gas revenues will begin to flow within several years. 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 20,000 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 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 ensure the establishment of 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.

East Timor will be eligible in FY 2005 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.

Fiji
(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
IMET	-	200	250
Peace Corps	924	1,363	1,717

Civilian governments in Fiji have been overthrown three times, most recently in May 2000, because of deep communal differences. IMET was suspended following the events of May 2000 because of the role the military played in deposing the elected government. Fiji's August 2001 parliamentary elections were judged to be free and fair but did not reduce inter-ethnic tensions in Fiji. Nevertheless, the government's effort to resolve political differences between the ethnic communities in a manner consistent with Fiji's constitution opened the door to a resumption of the IMET program in 2003.

U.S. interests in Fiji, the most significant of the Pacific Island countries, include encouraging stable and democratic government, promoting economic prosperity via facilitation of U.S. trade and investment and supporting efforts to open markets and promote broad-based growth. The U.S. and Fiji work together in regional organizations such as the Pacific Islands Forum and the Pacific Community. Fiji has been a responsible player on the global stage, providing forces to several multinational peacekeeping and observer operations since the early 1980s.

Fiji has contributed troops to multilateral peacekeeping missions over the years in Lebanon, Zimbabwe/Rhodesia, Afghanistan/Pakistan, Sinai, Kuwait, Somalia, Rwanda, Bougainville and East Timor. In 2003, Fiji contributed military and police forces to the Australian-led effort to restore peace and stability in the Solomon Islands. Fiji has offered troops for service in Iraq. Renewed International Military Education and Training (IMET) funding will provide professional education and training for Fiji's Defense Force, with emphasis on respect for human rights, civilian control over the military and military justice.

Fiji is eligible to receive Excess Defense Articles (EDA) in FY 2005 under Section 516 of the Foreign Assistance Act. EDA will also support Fiji's ability to contribute to regional peacekeeping endeavors.

Indonesia
(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
CSH	31,955	34,000	32,300
DA	39,016	31,291	32,742
ESF	59,610	49,705	70,000
IMET	276	459	600
INCLE	-	-	10,000
NADR-ATA	1,008	5,755	6,000
P.L. 480 Title II	29,540	6,604	23,000

Six years into a comprehensive political and economic transition, Indonesia has made significant progress in consolidating democratic reforms and processes. The outcome of Indonesia's democratic transition has profound implications for U.S. strategic interests in fighting terrorism; preserving regional stability; and supporting democracy, the rule of law and respect for human rights. A thriving Indonesian democracy could serve as an example and inspiration to other Muslim nations with a long history of autocratic rule.

However, serious challenges remain that could derail what is still a fragile situation. The education system is in crisis. Indonesia is the only major ASEAN country yet to recover fully from the 1997-1998 Asian Financial Crisis. Decentralization shifted responsibility for the delivery of essential human services to more than 400 local governments, most of which are ill-prepared to plan, budget and manage these services in an effective and transparent manner. Indonesia continues to face difficult problems in dealing with separatist challenges and communal strife. While the Indonesian government has made impressive progress in addressing terrorism, there is much still to be done.

The stakes for Indonesia's political stability and economic prosperity are high, and the debate on terrorism's impact has been public and vigorous. Our programs represent flexible and steadily evolving responses to profoundly significant social, economic and political trends.

We are achieving measurable success in expanding our political outreach to mainstream organizations that oppose violence. Since the October 2002 Bali bombing and the more recent July 2003 Marriott Hotel bombing, Indonesia has demonstrated its resolve to fight terrorists and violent extremism. Senior GOI officials acknowledge the threat of terrorism, and civil society leaders are speaking out on the need to prevent terrorism from exacerbating religious tensions.

Economic Support Funds (ESF) augment and complement Development Assistance (DA) and Child Survival and Health (CSH) funds, coupled with small amounts of International Military Education and Training (IMET) and Non-Proliferation, Anti-Terrorism, Demining and Related Programs (NADR) funds. Through this mix of funding, both immediate and long-term U.S. security and economic objectives are supported.

In FY 2005, DA, ESF and CSH funds will support economic growth (including counterterrorism and combating financial crimes), democracy (including tolerance advocacy, public diplomacy and strengthening local government), conflict mitigation and response, and a major new education initiative. The increase in ESF planned for FY 2005 is to support improving basic education in Indonesia as a key element of our counterterrorism efforts. This education initiative, announced by President Bush, will prepare Indonesia's children to be effective participants in their own democratic society, while reducing extremism and intolerance in favor of democracy, respect for diversity and resolution of societal and political differences

through non-violent means. Funding for this initiative will leverage and complement the larger-scale education assistance programs of Japan, Australia, the World Bank and the Asian Development Bank.

NADR funding will enable continued training and expansion of the Police Counterterrorism Task Force.

The FY 2005 IMET program will continue to build on military reform work initiated in FY 2003. Complementing the extensive DoD Counterterrorism Fellowship program, the IMET program will promote counterterrorism cooperation through improved communications with Indonesian military officers and key civilians. Programs would offer training to mid and senior-level civilian and military officials at professional military education and senior service schools, with a focus on courses that emphasize the principles of a democratic, civilian-led military. Courses would also focus on the concepts of transparency in budgeting, logistics and acquisition processes.

INCLE funding will provide support for building civilian judicial capability in Indonesia, a key policy goal in our regional fight against international terrorism.

USAID's P.L. 480 Title II program will help to alleviate poverty by improving the food security and nutritional status of urban and rural poor hit hardest by the prolonged economic crisis in Indonesia. USAID will support food-for-work activities to increase food security, improve nutritional and health status, and generate temporary employment and income through small-scale community rehabilitation projects such as rural water supply systems and sanitation in urban slums. Supplementary food-for-training activities in agriculture, health and other vocational sectors will enhance skills and expand job opportunities.

Laos
(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
CSH	1,000	-	-
DA	1,000	-	-
IMET	-	100	100
INCLE	2,500	2,000	2,000
NADR-HD	1,200	1,412	2,500
P.L. 480 Title II	405	-	-

U.S. interests in Laos center around five main policy areas: counter-narcotics; POW/MIA recovery and unexploded ordnance from the war in Southeast Asia; human rights, including religious freedom; encouraging movement towards a market-oriented economy; and efforts to counter global terrorism.

Laos, one of the ten poorest countries in the world, is slowly moving away from a command economy towards a more market-based approach. It has joined ASEAN, broadened its foreign relations and seeks to enhance its ability to deliver services to Lao citizens and improve basic social welfare. Laos is a major opium producing country and an increasingly important drug-transit point. It is also facing a rapidly growing problem with methamphetamine usage. Almost 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 September 11 attacks, 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, publicly supported U.S. actions in the war against terrorism despite our lengthy history of political disputes, and passed eight international anti-terrorism conventions.

The FY 2005 request for Humanitarian Demining programs under the Non-Proliferation, Anti-Terrorism, Demining and Related Programs (NADR) account continues U.S. support to clear unexploded ordnance and landmines in portions of Laos that were heavily bombed during the war. U.S. funding is expanded to support multiple entities including NGOs, international organizations, and UXO Lao, the quasi-government entity charged with removing unexploded ordnance in Laos.

The FY 2005 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, thereby enhancing the efficiency of JTF activities.

Laos is eligible to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. 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 activities.

International Narcotics Control and Law Enforcement (INCLE) funds target alternative development and crop control programs. The principal activity is road construction projects in Luang Prabang province to provide market access to farmers. INCLE funding also supports training and maintaining special counter-narcotics units of the police and demand reduction projects to treat addicts and perform public outreach against drug use.

Malaysia
(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
IMET	831	1,200	1,100
NADR-ATA	1,267	-	870
NADR-EXBS	-	80	150

The U.S. and Malaysia, one of the key Muslim states in the Southeast Asia region, cooperate closely in areas as diverse as counterterrorism, military relations, trade and education. Malaysia has been a pro-active partner in the global campaign against terrorism – pursuing terrorists relentlessly and sponsoring a Southeast Asia Regional CT Center (SEARCCT), for which we offer training. In 2002, Malaysia and the U.S. signed a bilateral declaration of cooperation to combat international terrorism. Malaysia is among our top dozen trading partners and continues to be an important market for U.S. goods and services.

Occupying a strategic location along the Strait of Malacca and the South China Sea, the Malaysian government devotes considerable resources to maintaining safe and free shipping lanes for commercial and military vessels. Malaysia is an active member of the Association of Southeast Asian Nations (ASEAN) and the ASEAN Regional Forum. Malaysia also seeks to be an influential voice on Islamic issues and the Middle East and is currently the Chair of the Organization of Islamic Conference (OIC). Malaysia has sought to play a positive role in the peace process in the southern Philippines between the government of the Philippines and the Moro Islamic Liberation Front (MILF).

The U.S. and Malaysia enjoy a productive and mutually beneficial defense relationship. Malaysia hosts between 15 and 20 U.S. Navy ship visits per year. Malaysia has purchased U.S.-made F/A-18 fighter planes and C-130 aircraft. U.S. military personnel participate in Malaysian military training courses, and Malaysian military officers are trained at U.S. facilities under the International Military Education and Training (IMET) program.

FY 2005 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. 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 Malaysian military capabilities and strengthen bilateral military cooperation, all the more important in our post-9/11 counterterrorism effort.

Malaysia is also engaged in training that will improve the military's ability to combat narcotics trafficking and money laundering operations. Participation in IMET is highly valued by the Malaysian military, and IMET graduates continue to advance steadily. Malaysia's army chief is a 1980 graduate of the U.S. Army Command and General Staff College at Fort Leavenworth.

Malaysia will continue to be eligible in FY 2005 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. NADR funds will also be used to continue demining programs and training opportunities for the Malaysia CT center.

Mongolia
(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
ESF	10,000	9,941	10,000
FMF	990	995	500
IMET	767	850	850
Peace Corps	1,765	1,848	1,911

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 U.S. 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. Mongolia's recent contribution of peacekeeping troops in Iraq and Afghanistan is a clear indication of how these investments in Mongolia's democratic and economic development have had an impact.

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 U.S. will use funds to help to strengthen rural civil society and improve the effectiveness of the parliament and the judiciary.

Mongolia must be able to protect and maintain its own borders. Its southern border stretches 2,800 miles along China (China's longest border). Mongolia's northern border unfolds 1,900 miles along Russia. North Korea sits only some 500 miles to Mongolia's east. The Foreign Military Financing (FMF) request will assist 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) programs 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 2005, E-IMET programs will be increased to train senior leadership and assist in the program of military reform and restructuring. FY 2005 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 2005. Grant EDA will be used to support disaster management and humanitarian assistance/relief.

Papua New Guinea

(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
IMET	256	300	300

U.S. national interests in Papua New Guinea (PNG) derive from our overarching interest in regional stability and 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, continuing efforts to establish a government of reconciliation require that PNG armed forces retain a small presence in Bougainville. Their cooperation and ability will be necessary for any lasting settlement on the island. PNG has offered troops to the effort in Iraq, hoping to join with other nations in the Global War on Terrorism. 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 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 2005 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 World War II sites throughout the country.

Philippines
(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
CSH	22,920	29,350	28,000
DA	28,209	22,068	26,076
ESF	15,000	17,645	35,000
ESF-SUP	30,000	-	-
FMF	19,870	19,880	30,000
FMF-SUP	30,000	-	-
IMET	2,400	2,700	3,000
INCLE	-	2,000	2,000
NADR-ATA	1,939	-	2,000
NADR-SALW	155	-	-
Peace Corps	2,624	2,598	2,876

The U.S. 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 U.S. to enhance its counterterrorism capabilities. Its democratic institutions are under considerable stress, but the Philippines has an important role to play in maintaining regional peace and security as 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 U.S. have strengthened bilateral security relations and worked together to bolster Armed Forces of the Philippines (AFP) capabilities. In recognition of the critical nature of Philippine support to the Global War on Terrorism, President Bush in late 2003 designated the Philippines as a major Non-NATO Ally (MNNA), one of only eleven foreign countries so designated. U.S. assistance bolsters President Gloria Macapagal-Arroyo's progressive national agenda, including combating corruption, accelerating economic liberalization and promoting national reconciliation, particularly in Mindanao. It also supports structural reforms to increase the Philippines' strength as a market for U.S. investments and exports. The 2004 presidential election in the Philippines will serve as a referendum on Arroyo's policies, including her alliance with the U.S. in the war on terror.

Foreign Military Financing (FMF) will contribute to improving the military capabilities of our treaty ally in line with increasing cooperation under the VFA. The FY 2003 FMF appropriation funded the third year of a five-year plan to help the AFP achieve operational availability of critical weapons systems and sustainability of key support and logistics functions. This includes support of air, surface and ground assets and support components needed in the war on terror. The \$30 million in supplemental funding supported activities in connection with Operation Enduring Freedom Philippines, to wit: the training of another Light Reaction Company (LRC) and provision of necessary equipment. FY 2004 and 2005 FMF will provide spare parts for equipment, overhauls and upgrades, programmed depot maintenance and improving logistics; follow-on support to our initial CT investments; and helping the Philippine Government undertake systemic reform of its military according to the recommendations laid out in the 2003 U.S.-RP Joint Defense Assessment (JDA).

The Philippines will be eligible in FY 2005 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 focus on professional military education (to include professionalism, discipline and commitment to human rights) as well as “train the trainers” courses in the areas of maintenance and logistics. 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. AFP IMET graduates have actively promoted close professional U.S.-AFP military-to-military relations.

Economic and Support Funds (ESF) will help the Arroyo 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 (MNLF), strengthen the administration of the Autonomous Region of Muslim Mindanao and support outreach to other Muslim separatist groups. Should the Moro Islamic Liberation Front (MILF) reach a peace agreement with the Philippine Government, ESF funds could also be used to provide livelihood and reintegration programs like those previously provided to the MNLF. 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 education, economic growth and the development of civil society. Child Survival and Health (CSH) funds will support child health and family planning, as well as programs to counter the spread of HIV/AIDS.

FY 2005 Nonproliferation, Anti-terrorism, Demining, and Related Programs (NADR) and International Narcotics Control and Law Enforcement (INCLE) funds will strengthen Philippine law enforcement and 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.

Samoa
(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
IMET	76	150	50
Peace Corps	1,364	1,301	1,538

U.S. national interests in Samoa grow out of our national security interest in regional stability. The U.S. 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 safeguarding the welfare of the many U.S. citizens and nationals who reside in or visit Samoa, 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 sea borne 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 Samoa's maritime Exclusive Economic Zone and improve safety in Samoa's fishing fleet.

Samoa is eligible in FY 2005 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. Department of Defense and Coast Guard forces.

Solomon Islands

(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
IMET	151	50	150
Peace Corps	40	27	-

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.

International Military Education and Training (IMET) assists the country to strengthen the discipline, professionalism and integrity of its security forces and develop an effective maritime reconnaissance force. Training in basic coastal surveillance and seaborne law enforcement skills helps 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. Enhancements in the Solomon Islands forces will allow it to work more effectively with the Regional Assistance Mission to the Solomon Islands (RAMSI), the Australian-led intervention that has restored law and order to the country and is now working to rebuild national institutions and systems of governance.

The Solomon Islands will be eligible in FY 2005 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.

Thailand
(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
CSH	1,500	-	-
DA	1,250	-	-
FMF	1,990	995	500
IMET	1,768	2,450	2,500
INCLE	3,700	2,000	2,000
NADR-EXBS	200	380	750
Peace Corps	1,818	2,073	2,550

The U.S. has important political, economic, strategic and security interests in Thailand, which was designated a Major Non-NATO ally in 2003. As a stable democracy, 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 are in Iraq (and suffered two deaths in a late December suicide bombing in Karbala), served well at Bagram, Afghanistan as part of OEF, played a key role in INTERFET and UNTAET in East Timor and sent peace monitors to Aceh. In the war on terrorism, Thailand captured Hambali, the operational chief of Jemaah Islamiyah and the Al Qaeda link to Southeast Asia, offered other key sensitive cooperation against priority targets, has granted the U.S. overflight and landing privileges, cooperated closely on information sharing, and worked with us to curtail terrorist finance and track and impede the movement of terrorists. Thailand also occupies strategic ground in the war on drugs. Thailand borders two of the world's three largest opium producers and is a huge market for Burmese methamphetamines. Thai and U.S. law enforcement and military units work together in the battle against drug smugglers. Thailand also works with the U.S. on refugees, HIV/AIDS, land mines and trafficking in persons.

Assistance to Thailand enhances our influence in a strategically important region, strengthens Thailand's efforts to combat terrorism, narcotics trafficking and other international crime, and reinforces military cooperation with a treaty ally. Thailand's stability in turn promotes economic development. Our two-way trade is \$21 billion, and the U.S. and Thailand will launch Free Trade Negotiations in 2004.

In FY 2005, the U.S. plans to bolster successful International Military Education and Training (IMET) programs and continue International Narcotics Control and Law Enforcement (INCLE) and Foreign Military Financing (FMF) programs.

Under the IMET program, we will continue to encourage the Thai military to respect and foster democratic principles and military professionalism and participate in international peacekeeping and reconstruction operations such as Iraq, Afghanistan, East Timor and Aceh. The FY 2005 FMF request complements other security and counternarcotics-related programs in Thailand by enhancing the Thai military's ability to combat terrorism, improving its interoperability with U.S. forces and increasing its capacity to control Thailand's porous border with Burma. INCLE, FMF and IMET assistance supports U.S. objectives of increasing Thailand's counterterrorist and drug enforcement capability, improving interoperability with U.S. forces and encouraging Thailand's demonstrated willingness to contribute to coalition operations and 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 2005. EDA grants will advance interoperability, counterterrorism, counternarcotics and coalition peacekeeping goals, while enhancing U.S. influence and access.

INCLE programs help build, strengthen and reform criminal justice, law enforcement and investigative institutions to enhance Thai capabilities to meet the challenges of 21st century transnational and organized crime. In addition, INCLE supports Thailand's ability to conduct counternarcotics operations, facilitate crop substitution and demand reduction efforts and enhance regional and multilateral counternarcotics cooperation. Funds will be used to support legal and legislative reform, anti-money laundering measures, drug control, anti-corruption measures and crime control and criminal justice programs. INCLE funds will continue support for Thailand's Anti-Money Laundering Office to pursue drug kingpins and other transnational crime figures and their organizations. INCLE funds will support the presence of a senior Department of Justice prosecutor in the Thai Criminal Law Institute to support Thai efforts to prosecute all forms of transnational crime and will help fund the new Special Investigate Department in the Ministry of Justice to combat financial and other crimes that support terrorism. Multilaterally, INCLE funds the International Law Enforcement Academy (ILEA) in Bangkok, a cooperative U.S.-Thai undertaking.

Nonproliferation, Anti-terrorism, Demining, and Related Programs (NADR) funds will provide assistance under the Export Control and Related Border Security Assistance (EXBS) program to strengthen Thailand's ability to control, detect and interdict transfers of sensitive materials and technologies that could contribute to weapons proliferation. In FY 2005, the NADR program will focus on activities to help Thailand strengthen its legal authorities and enforcement capabilities.

USAID's programs provide Thailand with the technical assistance it needs to improve environmental management of Thai municipalities and industries; halt the spread of infectious diseases such as HIV/AIDS, drug-resistant malaria and tuberculosis; and lessen the incidence of trafficking in persons. All Thailand activities are implemented through USAID's regional programs. A new regional support office opened in Bangkok in FY 2003.

Tonga
(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
IMET	127	125	135
Peace Corps	1,076	1,051	1,296

The U.S. values 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. Tonga has offered troops for service in Iraq. 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) in FY 2005 under Section 516 of the Foreign Assistance Act. EDA will also support Tonga's ability to contribute to regional peacekeeping endeavors and the development of an effective maritime law enforcement capability.

Vanuatu
(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
IMET	106	100	110
Peace Corps	1,454	1,568	1,867

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 2005 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.

Vietnam
(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
CSH	5,300	6,600	5,700
DA	7,671	3,000	4,500
IMET	-	100	50
NADR-EXBS	100	230	280
NADR-HD	2,427	2,076	2,600

The U.S. has a national security interest in promoting a stable, globally integrated Vietnam with increasing economic prosperity and U.S. trade relations. The U.S. 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, landmines and unexploded ordnance.

The U.S. 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 2005 request includes funds for Expanded International Military Education and Training (E-IMET) courses to enhance English language proficiency among Vietnamese military officers. This will facilitate their attendance at conferences and confidence building meetings hosted by Pacific Command Headquarters.

Landmines and unexploded ordnance are a constant danger to civilians and a severe impediment to agriculture and economic development. FY 2005 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 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) and Child Survival and Health (CSH) funds will focus on 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 helping children with disabilities and developing local capacity to include them in educational programs. Future programs will place more emphasis on sustainability by building local capacities to support these disabled groups.

ASEAN
(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
ESF	-	994	2,500

Economic Support Funds (ESF) for the ASEAN region will support activities under ASEAN Cooperation Plan (ACP), announced by the Secretary of State in August 2002. These funds also complement the President's Enterprise for ASEAN initiative. These senior-level U.S. policy initiatives provide for an essential U.S. government regional presence in Southeast Asia and complement the work of other countries like China, Japan, Korea, India and the EU, which have similar programs with ASEAN.

Funding supports projects with three goals: (1) Bolstering the administrative and project implementation capacity of the ASEAN Secretariat. The U.S. has an interest in an effective regional support structure for meetings involving senior U.S. officials and a growing number of cooperative activities. (2) Building regional cooperation to address transnational challenges of importance to both ASEAN and the U.S., including terrorism, human trafficking, narcotics and HIV/AIDS and other infectious diseases. ASEAN is an effective partner in helping to solve problems that cross borders within the region. (3) Fostering ASEAN economic integration and development. These two objectives cover issues of interest to ASEAN, the U.S. government and our private sector and include investment policies, customs reform, standards and the ASEAN Free Trade Area (AFTA).

Regional Security Fund

(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
ESF	200	-	250

Active participation in and support for multilateral approaches to regional security are important elements of U.S. Asia-Pacific security policy. The U.S. is a leading member of two multilateral security 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 five-member Northeast Asia Cooperation Dialogue (NEACD), a non-governmental (Track II) group.

In addition, the U.S. is a Dialogue Partner and strong supporter of the Association of Southeast Asian Nations (ASEAN). 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 are working together to combat terrorism and other transnational issues and have cooperated to address problems that could undermine regional security. ASEAN members chair the ARF. The U.S. is also a dialogue partner of the Pacific Island Forum (PIF).

These groups have contributed significantly to building a more stable regional security environment, fostering a climate of dialogue on regional disputes, which thereby supports 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.

In FY 2005, Regional Security funds will support dialogue and confidence-building programs, particularly within the ARF, on contentious issues in the region. Programs such as seminars, workshops and exchanges on traditional (e.g., arms control) and non-traditional (e.g., counter-terrorism and maritime security) challenges for officials from ARF countries will be emphasized.

In FY 2004, the ARF continued to develop effective counter-terrorism tools that incorporated inter-ministerial (inter-agency) approaches to combating terrorism, including justice, military, finance and customs, and immigration dimensions. In FY 2005, the Fund will support the continued movement of the ARF in this direction.

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 2003 Actual	FY 2004 Estimate	FY 2005 Request
ESF	1,000	1,988	1,000

Regional Women's Issues funding helps advance human rights and promotes democracy by improving the status of women throughout East Asia and the Pacific (EAP). Elevating the status of women is an important prerequisite for developing a populace that is healthier, educated, and functions better as a skilled labor force. This type of development contributes to building an environment that promotes democratic values and institutions. This strengthens the foundation for accomplishing other high priority goals.

Funding for Regional Women's Issues will focus on empowering women through political participation, economic independence and elimination of violence against women. This program will work with ESF-eligible governments in the region listed on Tier 2 and the Special Watch List of the Trafficking in Persons Report and support or expand existing projects that promote women's empowerment. Empowerment is an important component in fighting trafficking, corruption and poverty.

South Pacific Fisheries

(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
ESF	17,829	17,894	18,000
ESF-REIMB	171	-	-

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 U.S. 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.

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EUROPE AND EURASIA

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Albania
(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
FMF	4,900	3,975	3,000
FMF-SUP	3,000	-	-
IMET	957	975	900
NADR-EXBS	300	300	300
NADR-SALW	350	-	-
Peace Corps	1,148	1,389	1,737
SEED	28,500	27,835	28,000

Support for East European Democracy (SEED) assistance funds remain essential for ensuring Albania's ability to continue to play a pivotal and productive role in regional stability. A democratic, stable and economically prosperous Albania will do much to help the United States in its fights against terrorism, small arms and light weapons proliferation, and transnational organized crime, including narcotics and contraband smuggling and human trafficking. Therefore, the United States targets its assistance in areas of economic reforms, democratic institution-building and rule of law development, as a means to promote a greater degree of prosperity for Albania while advancing U.S. interests in the region overall.

Sustained U.S. engagement and support are crucial if positive trends are to continue and ultimately yield long-term results in areas of essential domestic reform, including the establishment of a market-based economy, democratic institution-building, and promotion of basic human rights and civil liberties. Additionally, U.S. assistance in these reform areas is essential for guiding Albania closer to a Euro-Atlantic partnership. The United States should continue to reinforce the process of reform in Albania as part of its larger goal of transforming the political reality of the region. The United States coordinates assistance efforts closely with our European allies and European institutions, such as Italy, Greece, the European Union (EU), the North Atlantic Treaty Organization (NATO), Organization for Security and Cooperation in Europe (OSCE), and Council of Europe (CoE) to maximize the benefit of assistance programs.

Building democratic institutions remains the highest priority for the United States in Albania. FY 2005 SEED funds will support specific initiatives within Albania to meet this priority. SEED funds contribute significantly to our efforts to develop civil society and promote human capital resources in Albanian society, which is still recovering from the setbacks of economic collapse in 1997 and 45 years of harsh, xenophobic Communism. SEED funds support initiatives such as primary health care upgrades, education improvements, and journalistic professionalism. In addition, SEED-funded programs promote badly needed agricultural reforms, creating employment opportunities, modernizing production and increasing output in a country where nearly 70 percent of the work force is tied to the agricultural sector. SEED funds support specific judicial reform initiatives. They also strengthen institutions that fight financial crimes such as tax evasion, money laundering and terrorist financing. Continued SEED assistance is key to sustaining Albania's recent successes in fighting corruption, stopping human trafficking, and stemming the flow of weapons, narcotics and contraband into Western Europe. Support will continue for innovative law enforcement programs such as the Three Ports Strategy, the Vlora Anti-Trafficking Center and the regional Total Information Management System (TIMS).

Foreign Military Financing (FMF) is crucial for completing the modernization of the 16,500-member Albanian Armed Forces (AAF). A NATO membership aspirant and staunch U.S. ally in the war on terrorism, Albania contributes troops to peacekeeping efforts in NATO (SFOR), Afghanistan and Iraq, and was one of only four countries worldwide to send combat troops during the Iraq war. FY 2005 funds will

be central in the transformation process identified by the Office of Secretary of Defense and the Republic of Albania Defense Modernization Team, which includes downsizing and professionalization programs. This modernization is focused on a comprehensive policy of stabilization in the Balkans and effectively contributes to the war on terrorism by reducing, restricting and/or eliminating transnational threats in the region. Additionally, in-country English language Training (ELT) will facilitate eventual NATO interoperability of both general staff and military units in order to more effectively wage the campaign against global terrorism. FMF will assist the interoperability of the AAF with NATO secure voice and data network systems by 2010 by implementing a Control, Communications, Computers and Information study. In addition, under the umbrella of regional security and stability, the purchase and operation of ammunition incinerators will help dispose of the AAF's 2,000,000 tons of excess ammunition, directly reducing the risk of it ending up in the hands of international terrorists, as well as eliminating the danger of a potential environmental disaster.

Albania will be eligible in FY 2005 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 promote interoperability.

In the process of bringing Albania into NATO, the International Military Education and Training (IMET) program continues to offer both field and company grade officers with various levels of English language instruction essential to functioning in a NATO joint environment as well as enhancing the professionalism of the officer corps.

In the effort to prevent proliferation of weapons, delivery systems, related technologies and other weapons, the United States has a number of Nonproliferation, Anti-Terrorism, Demining, and Related Programs (NADR) ongoing in Albania. Export Control and Related Border Security (EXBS) assistance funds are directed to establish and maintain a fully effective export control system in Albania. NADR and EXBS programs support the war against global terrorism and the U.S. goal of stabilizing the region by reducing arms proliferation and restricting the transfer of existing weaponry.

Armenia
(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
FMF	5,000	2,485	2,000
FSA	89,415	74,558	62,000
IMET	659	900	750
NADR-EXBS	1,011	300	300
NADR-HD	250	-	-
P.L. 480 Title II	3,991	380	-
Peace Corps	1,702	1,836	2,032

The United States supports the transformation of Armenia into a democracy based on the rule of law with 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. U.S. security, law enforcement, and nonproliferation assistance and cooperation with Armenia are needed to prevent weapons and other illicit trafficking and the spread of weapons expertise. Armenia has supported the Global War on Terror, Operation Enduring Freedom, and Operation Iraqi Freedom by offering overflight rights, medical assistance, and information sharing.

Achieving a durable resolution to Armenia's conflict with Azerbaijan over Nagorno-Karabakh is key to U.S. interests. A 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 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, and social sector reform. FREEDOM Support Act (FSA)-funded humanitarian programs seek to ease the burdens of natural disaster and regional conflict. U.S. assistance to the judicial and law enforcement bodies of Armenia is helping to ensure that Armenia plays a more effective role in combating narcotics smuggling, organized crime, and trafficking in persons, and works to support our efforts to combat terrorism.

FSA assistance also helps to mitigate difficult living conditions for needy groups, such as orphans and the elderly. Other programs support Armenian efforts to provide health care for disadvantaged citizens and to improve health management education.

Armenia is continuing efforts to improve its business climate, increase investment, create jobs, and broaden its economic base. Armenia acceded to the World Trade Organization (WTO) in February 2003. FSA-funded programs will continue to focus on developing and marketing Armenian agricultural products and helping Armenia meet its WTO commitments. At the macro-level, U.S. Treasury Department advisors will provide expertise in improving revenue collection and reducing budgetary deficits, insuring that the government will be able to maintain good relations with international financial institutions. Technical advice also will help the Armenian Government improve its audit practices, thereby helping to fight corruption. Training programs, scholarships and other programs will help Armenia develop other sectors of its economy, seek investment, and create jobs, with an emphasis on developing micro, small and medium enterprises (SMEs).

Democratic institutions and practices are developing in Armenia, but this is threatened by poor economic conditions, regional instability, and corruption. FSA-funded democracy assistance programs are working with government agencies and non-governmental organizations (NGOs) to improve the technical capacity of legislative staff and to increase public participation in government. Programs also help legislators draft and implement budget programs, train judges, lawyers and prosecutors, promote effective political parties, and increase government transparency. Support for NGOs and the independent media helps those organizations effectively articulate and advocate public interests. To help counter Armenia's isolation, U.S. programs provide educational and informational links with the West.

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. Finding alternative sources of energy and further improving the efficiency of Armenia's domestic energy system will be key to the ultimate closure of Metzamor.

FY 2005 International Military Education and Training (IMET) funding will provide opportunities for the Armenian military to attend U.S. military professional education and to facilitate Armenia's defense reform efforts through education in civil-military relations, defense resource management, and English language training. FY 2005 Foreign Military Financing (FMF) funding will enhance security cooperation by bolstering Armenia's communications capability, improving Armenia's ability to participate in regional peacekeeping operations, and improving interoperability with U.S., North Atlantic Treaty Organization (NATO), and international forces.

Armenia will be eligible to receive grant Excess Defense Articles (EDA) in FY 2005. Provision of EDA grants will enhance Armenia's ability to participate in NATO and coalition operations, as well as international peacekeeping missions.

The Armenian Government has demonstrated a willingness to cooperate with the United States in preventing the proliferation of weapons of mass destruction and related technologies and other illicit weapons trafficking, and fighting transnational crime. It has also taken several steps to strengthen its export controls and border control systems. U.S. Export Control and Related Border Security (EXBS) Assistance programs funded under the Nonproliferation, Anti-Terrorism, Demining, and Related Programs (NADR) account 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 to deter, detect, interdict, investigate and prevent weapons proliferation.

FSA-funded law enforcement programs provide training, technical assistance, and equipment to increase Armenia's capacity to fight international crime, corruption, and narcotics trafficking and to improve human rights practices. FY 2005 funding will continue to assist Armenia in creating the procedures necessary to investigate and prosecute cases of trafficking in persons; to improve law enforcement communications infrastructure which will improve communication and cooperation between Armenian and U.S. law enforcement agencies; to develop effective and sustainable police academy training; to improve forensics capabilities; and to continue the professional development of prosecutors, investigators and defense advocates. Funding will also support implementation of the Government of Armenia's newly adopted anti-corruption action plan.

U.S. programs funded through the FSA and NADR accounts promote the participation of former Soviet weapons scientists in peaceful research projects supported by the International Science and Technology Center (ISTC), the Biotechnology Engagement Program (BTEP), and the U.S. Civilian Research and Development Foundation (CRDF).

Azerbaijan
(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
FMF	5,000	2,485	8,000
FSA	45,938	38,782	38,000
IMET	878	900	750
NADR-EXBS	1,850	850	1,545
NADR-HD	1,600	2,468	1,000
P.L. 480 Title II	2,974	2,151	-
Peace Corps	1,275	1,428	1,946

U.S. national interests in Azerbaijan center on strong bilateral security and counterterrorism cooperation, the advancement of U.S. energy security, progress in free-market and democratic reforms, and mediation of the Nagorno-Karabakh dispute. Azerbaijan's shared border with Iran, strategic position as a littoral Caspian Sea state, and its long-standing conflict with Armenia cause its internal stability to have 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, providing a solid base for the regional economy, and promoting U.S. energy security and U.S. exports. Azerbaijan has supported the Global War on Terror, Operation Iraqi Freedom, and Operation Enduring Freedom by offering crucial law enforcement and intelligence cooperation, blanket overflight rights, and the possible use of bases. Azerbaijan has deployed peacekeepers to Afghanistan and to Iraq, in addition to an earlier peacekeeping deployment to Kosovo.

Following the President's January 2002 waiver of Section 907 of the FREEDOM Support Act (FSA), which prohibits certain types of assistance to the Government of Azerbaijan, assistance programs previously prohibited have been developed in the areas of budget reform, customs reform, law enforcement and legal reform.

U.S. assistance to Azerbaijan enhances its ability to prevent, deter, detect, and investigate the proliferation of weapons of mass destruction (WMD), weapons technology, expertise and conventional arms, and encourages efforts to halt trans-shipment of narcotics across its borders. Meanwhile, the United States has continued to provide humanitarian assistance in the form of food, medicine and medical supplies, seeking to ease the plight of the disadvantaged and displaced. Democracy programs have sought to strengthen civil society. In FY 2005, the United States plans to focus assistance on economic development, judicial and law enforcement reforms, and export control and border security strengthening.

As a vital link in the Trans-Caspian energy corridor, Azerbaijan must develop a market-oriented, transparent and corruption-free economic, legal, and regulatory system. While there has been some economic growth, primarily in the energy sector, other areas of the economy are underdeveloped and unemployment remains high. Spillover effects from the energy sector to other sectors of the economy have not yet occurred. The agricultural sector is mired in low productivity, and privatized farms are small and lack reliable access to inputs, water, equipment and finance. Complex regulations, corruption, and underdeveloped financial systems have hampered private business development. In FY 2005, FSA-funded assistance will focus on accelerating economic growth, developing small and medium-sized agricultural enterprises, and reforming the domestic energy sector. Training opportunities will focus increasingly on economics and business development. The U.S. Government will also continue to work with Azerbaijan on oil development and to support American companies through U.S. Overseas Private Investment Corporation (OPIC), U.S. Export-Import Bank, and U.S. Trade and Development Agency (USTDA) activities.

Azerbaijan has made some progress in creating a democratic system of government. However, significant problems remain in the areas of media freedom, human rights, and political pluralism, including free and fair elections, as evidenced by the October 2003 presidential election, which was deemed flawed in many respects by the Organization for Security and Cooperation in Europe (OSCE). In FY 2005, the United States will continue to promote the development of Azerbaijan's democratic institutions and civil society. FSA-funded assistance to the government will emphasize anti-corruption and development of the rule of law. Programs to assist non-governmental organizations (NGOs), political parties and the media will continue to help them more effectively to advocate public interests and serve as a check on governmental authority.

Azerbaijan began to emerge as a drug transit route when regional conflicts in the Balkans disrupted established routes for narcotics smuggling in that region. Consequently, U.S. assistance in Azerbaijan has begun to address drug trafficking, while also improving the country's capabilities to address other forms of transnational criminal activity. FY 2005-funded law enforcement assistance programs will provide counter-narcotics training, help develop a new law enforcement training curriculum, support efforts to detect, prevent and prosecute cases involving trafficking in persons, support the expanded use of forensics investigative techniques, assist in the development of anti-terrorism and money laundering legislation, support implementation of the new criminal code, and support anti-corruption initiatives.

FY 2005 funding will provide continued support for security assistance initiated in FY 2003. The United States will continue to provide equipment, services and training through the Foreign Military Financing (FMF) and International Military Education Training (IMET) programs. FMF will provide assistance for monitoring the Caspian Sea, upgrading airspace management, and sustaining Azerbaijani troop deployments in Operation Enduring Freedom and Operation Iraqi Freedom. FMF and IMET will continue to promote interoperability with U.S. and North Atlantic Treaty Organization (NATO) forces. 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 and around Azerbaijan. At the end of 2003, Azerbaijan and the United States signed an implementation agreement for activities under the U.S. Defense Department's Cooperative Threat Reduction (CTR) Program. The Government of Azerbaijan has demonstrated its commitment to nonproliferation by intercepting shipments of concern, and the United States will continue its program of assistance under the Export Control and Related Border Security Assistance (EXBS) program funded through the FSA account and the Nonproliferation, Anti-Terrorism, Demining, and Related Programs (NADR) accounts in FY 2005. In an effort to prevent weapons proliferation and complement counterterrorism assistance, EXBS provides equipment to support the technical capacity of Azerbaijan's Customs Service, Border Guards and Maritime Brigade, including enforcement training, inspection and detection equipment, and communications. EXBS is also supporting upgrades to and training on a recently delivered U.S. Coast Guard cutter donated under the Excess Defense Articles (EDA) program.

Azerbaijan will be eligible to receive grant EDA in FY 2005. Provision of EDA grants will enhance interoperability and Azerbaijan's ability to participate in NATO and Coalition operations, as well as international peacekeeping missions.

Azerbaijan signaled its interest in redirecting former weapons scientists by acceding to the multinational Science and Technology Center in Ukraine (STCU) in 2003, thus enabling these Azerbaijani scientists to apply for U.S. grant funding to assist their transition to non-military employment.

Landmines pose a significant danger in Azerbaijan to people, productivity, and socio-economic development. Through mine clearance and mine awareness efforts, NADR Humanitarian Demining 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. Other humanitarian assistance to internally displaced persons and refugees will continue as needed, with ongoing emphasis on sustainable development and community-based projects.

Belarus
(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
FSA	9,045	6,850	6,500
NADR-SALW	-	-	300

Advancing democratic principles and economic reform will help promote the independence and prosperity of Belarus, which will in turn contribute to regional stability. Currently, Belarus' oppressive regime and lack of legitimate democratic institutions, retrograde economic policies, and close relations with rogue states threaten regional development and security, potentially undermining U.S. interests. These policies also isolate Belarus from its neighbors, four of which will enter the European Union (EU) in 2004. These countries increasingly see Belarus' backwardness as an anachronism threatening their own future security and prosperity. As a result, the United States has stepped up its efforts to coordinate its programs and leverage the budgets of new EU members to foster our shared objectives with respect to Belarus. Although the Government of Belarus claims to be willing to provide assistance in the war on terrorism, in fact, credible allegations of the transfer of arms and dual-use equipment to states of concern underscore the importance of achieving a more open, transparent form of governance in Belarus.

U.S. assistance to Belarus seeks to help achieve a pluralistic and democratic political culture by empowering a large number of civil groups, political parties and independent media outlets, and, where possible, small and medium-sized enterprises (SMEs).

FY 2005 FREEDOM Support Act (FSA) funding will continue to support non-governmental organizations (NGOs) that advocate human rights and promote democracy. This support will include small grants and training in such areas as advocacy, networking and coalition building. FY 2005 FSA funding will also continue to support 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 continual harassment by the regime and competition from government-subsidized state media. With legislative elections scheduled for 2004, FSA-funded activities will seek to foster a more pluralistic political arena, including helping to strengthen democratically-oriented parties. In addition, a new emphasis is being placed on empowering local communities to develop their abilities to solve their own problems.

Opportunities to encourage economic reform through FSA-funded assistance programs are severely circumscribed in Belarus. Since the election of the current president in 1994, economic liberalization and structural reform measures have been frozen or in some cases reversed. The country has largely retained a centrally planned economy, with most large-scale enterprises still in government hands and barter trade dominating inter-enterprise transactions. Indeed, Russia has linked further economic integration with Belarus to specific reforms, which the regime has yet to adopt. Modest FSA-funded economic assistance programs have concentrated on supporting SMEs by developing business associations for lobbying and advocacy. Any further programs in FY 2005 will continue to focus on these areas.

Targeted U.S. humanitarian assistance financed through the FSA account is provided through NGOs to assist the most vulnerable. NGOs receiving U.S. support also work to address public health concerns, including tuberculosis, hepatitis, HIV/AIDS and women's wellness and infant care.

FY 2005 Nonproliferation, Anti-Terrorism, Demining, and Related Programs (NADR)-Small Arms and Light Weapons (SA/LW) Destruction funds will be used to support the destruction of SA/LW in excess of defense needs. Under the auspices of the Organization for Security and Cooperation in Europe (OSCE), the United States will work with other donor countries to address Belarus' inherited Cold War stockpiles.

Belarus is not eligible to receive U.S. Government-funded security-related assistance. In February 1997, the Clinton Administration de-certified Belarus under the U.S. Defense Department's Cooperative Threat Reduction (CTR) Program due to its poor record on human rights. Belarus remains a member of the International Science and Technology Center (ISTC), which is intended to fund grants to former Soviet weapons-of-mass-destruction scientists to assist them to transition to non-weapons-related work. The United States generally does not fund grants to Belarusian scientists. The only U.S. funds going through the ISTC to Belarus support a National Cancer Institute study of the health of Belarusians exposed to radiation from the Chernobyl accident.

Bosnia and Herzegovina

(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
FMF	2,400	14,900	2,500
IMET	796	900	900
NADR-EXBS	641	600	500
NADR-SALW	-	500	400
PKO	9,900	11,730	-
SEED	50,150	44,735	41,000

Nine years after the Dayton Agreement ended the conflict in Bosnia and Herzegovina (BiH), the country is still struggling to recover from the 1992-95 war and to transition to a market economy. Despite significant progress in establishing democratic practices and building central state institutions, BiH remains a fragile state in a potentially unstable region. There is a continuing need to assist Bosnia and Herzegovina in reinforcing its border control and law enforcement structures in order to combat terrorism and trafficking. It is in the U.S. interest to help BiH complete its transition to a modern European state integrated into Euro-Atlantic institutions that contribute to regional stability.

In FY 2005, Support for East European Democracy Act (SEED) programs in BiH will continue to support democratic, economic and social sector reforms and strengthen local capacity to maintain internal security and uphold the rule of law. SEED-funded democracy programs will provide training and technical assistance to improve local governance, encourage civic participation and non-governmental organization (NGO) advocacy activities, develop a professional and responsible independent media sector, and help account for missing persons from the BiH conflict. Economic and social sector programs will offer technical advice to support tax and customs administration reforms, trade expansion, and reforms of BiH's budget, commercial laws, and power sector. Grants and loans will also assist in developing small and medium sized enterprises and provide opportunities for minority returnees. Rule of law programs will provide technical assistance, training and equipment to build the capacity of the State Border Service, State Information and Protection Agency, police and judiciary, to strengthen anti-trafficking competencies, and to enhance BiH counterterrorism efforts and institutions. These programs will build on the progress made as a result of prior years' assistance including, for example, the first self-administered general elections since the war (which were held in October 2002), the improved organizational capacity of NGOs, the implementation of an effective treasury system, the establishment of a functioning anti-trafficking task force, and full deployment of the State Border Service at all international border crossings.

FY 2005 OSCE Regional Peacekeeping Operations (PKO) assistance will fund a small portion of the U.S. share of the Organization for Security and Cooperation in Europe (OSCE) field mission in BiH, with the goals of containing and reducing instability and assisting with post-conflict rehabilitation. In previous years, PKO covered costs for the Office of the High Representative and OSCE Mission in BiH. In FY 2005 these costs will be covered in the SEED regional budget.

Foreign Military Financing (FMF) funds contribute to U.S. national security by promoting peace and stability in Bosnia. FMF funding in FY 2005 will contribute to BiH's comprehensive defense reform effort. BiH enacted defense reform legislation that placed both entity armies – the Army of the Republika Srpska (VRS) and the Federation Army (VF) – under state-level command and control in December 2003. Successful implementation of the defense reforms will meet North Atlantic Treaty Organization (NATO) technical requirements for participation in the Partnership for Peace and help create the conditions necessary to further drawdown the extraordinary international military and civilian presence in BiH. Under

the new legislation, all forces will fall under the operational command of the BiH Tri-Presidency via a new Ministry of Defense, Joint Staff, and Operational Command. In addition to creating these new state-level institutions, the reforms require downsizing the entity militaries; limiting conscription; destroying excess weapons, and divesting surplus properties. FMF funding in FY 2005 will build on the training, equipping and technical assistance programs initiated with FY 2004 funds to implement the defense reform legislation, and develop the new institutions.

The International Military Education and Training (IMET) program in Bosnia will train officers and non-commissioned officers (NCOs) working in the state defense institutions in FY 2005. IMET activities will include training for junior officer development, and leadership training for mid- to upper-level defense officials. IMET funds will also be made available to train properly vetted members of the VRS to support their participation in the state defense institutions in a manner consistent with U.S. law and policy. IMET funding from previous years was used to strengthen state-level defense institutions by training officers that agreed to serve in a state-level capacity, such as the Standing Committee on Military Matters or as a Defense Attaché in a BiH Embassy.

Bosnia is 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 Bosnia in meeting its defense requirements, enacting defense reforms, and furthering interoperability.

The United States will continue its Nonproliferation, Anti-Terrorism, Demining, and Related Programs (NADR) Export Control and Related Border Security Assistance (EXBS) program to assist BiH in establishing an effective export control system in FY 2005. The EXBS program is part of the U.S. effort to prevent the proliferation of weapons of mass destruction, their delivery systems, related technologies, and other weapons. In BiH, NADR-EXBS funds will purchase new detection equipment to be used in border control training. Funds will also support a licensing workshop for government officials and a seminar for industry representatives on how to determine whether a manufactured item is controlled and requires a license to be exported. NADR-EXBS funds in previous years helped to secure a clear political commitment from BiH to meet international nonproliferation goals and effective export controls. In February 2003, BiH Parliament adopted the Law on Import and Export of Weapons and Military Equipment. BiH plans to amend this law in the near future so that it covers dual-use items and technology as well. Additionally, NADR International Trust Fund monies effectively established a Mine Detection Dog School in BiH that now serves as regional center for demining training and capacity building.

FY 2005 NADR-Small Arms and Light Weapons (SA/LW) Destruction funds will be used to support the destruction of SA/LW designated as excess to BiH's defense needs by BiH's Defense Reform Commission. Destruction activities will prevent the diversion and illicit trafficking of these weapons that BiH does not have the resources to secure properly.

Bulgaria
(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
FMF	9,000	8,450	7,000
FMF-SUP	10,000	-	-
IMET	1,324	1,350	1,395
NADR-EXBS	500	500	500
NADR-SALW	400	-	600
Peace Corps	2,844	2,814	3,457
SEED	28,000	27,835	27,000

Bulgaria's transition to a market-oriented economy and the furthering of democratic reforms hinges on continued U.S. assistance. Through its participation in international and regional security bodies, Bulgaria has played an increasingly larger role in building stability in the region over the past several years. Bulgaria has been a key partner in North Atlantic Treaty Organization (NATO) action in Kosovo in 1999 as well as with U.S. actions in both Afghanistan and Iraq in 2003. Bulgaria will join NATO in 2004 and continues in its efforts to modernize and professionalize its armed forces for a seamless entry into NATO interoperational activities. Bulgaria is poised to assume the duties of Chairman-in-Office of the Organization for Security and Cooperation in Europe (OSCE) in January 2004. Bulgaria aspires to join the European Union (EU) in 2007, further raising its profile and the profile of the Balkans in the next several years. Bulgaria is strategically positioned to be a vital U.S. partner in the Balkans. Continued U.S. support is vital for Bulgaria to follow through on reforms that began over the past years and to build on democratic processes that U.S. support has greatly enabled thus far. These U.S. programs, in areas which have not been funded by other donors, include rule of law/judicial reform, anti-corruption, economic restructuring, municipal and local self-governance, privatization, pension reform, and fiscal decentralization.

Recent opinion polls have revealed a growing dissatisfaction with the top political leadership in Bulgaria due to its inability to stem the levels of unemployment and poverty as well as a lack of improved health and pension systems and of wage increases. Dissatisfaction with the government following the 2001 parliamentary elections led to the victory of Socialist leader Georgi Purvanov over deposed King Simeon Saxe-Coburg (who became Prime Minister in 2001) in the November 2002 presidential election. Despite the progress made on broad political and economic issues, the general citizenry have yet to feel the effect of job creation and a higher standard of living.

Support for East European Democracy (SEED) Act assistance in 2005 will focus on judicial reforms and enhancing border controls and largely improving civil security for the country, in turn improving regional security. SEED funding will be phased out after FY 2006 (the last year of funding); the remaining funds are being targeted accordingly. Past U.S. assistance in rule of law and anti-corruption programs has made dramatic strides towards transparency and accountability, significantly contributing to the building of democratic institutions. Further assistance in economic reform has resulted in forward movement of the banking sector while enforcing the commercial regulatory framework and assisting companies with export earnings potential which include agriculture, light manufacturing, information technology, and tourism. The United States continues to focus on programs that strengthen local self-government, bringing the democratization process to the local level for the benefit of Bulgarian citizens from urban centers to rural communities. Programs in economic restructuring are directed toward the management and sustainability of pensions, legislative reform and retraining for displaced workers, health and other social insurance funds, and promote inclusion and tolerance toward women and other vulnerable groups in society.

Though Bulgaria has been given a roadmap to EU accession and was one of the original twelve Eastern European countries slated for EU membership, it was not invited to join in the next round of expansion in May 2004. This can be attributed to an unimpressive economy over the past several years that has made an EU accession date an elusive target; hopes are now pinned on EU accession in 2007.

As part of our efforts to prevent the proliferation, delivery systems, and related technologies of weapons of mass destruction and other weapons, the United States is providing Nonproliferation, Anti-Terrorism, Demining, and Related Programs (NADR) Export Control and Related Border Security (EXBS) assistance funds for a cooperative program to help establish a fully effective export control system in Bulgaria. NADR funding is designed to provide advanced licensing training as well as training for export control enforcement officers at the border on basic detection, targeting, and profile techniques.

Through the Small Arms and Light Weapons (SA/LW) Destruction program, also within the NADR account, the U.S. government has completed three years of successful SA/LW destruction projects in Bulgaria. Our FY 2005 efforts will focus on security of stocks and continued destruction of excess inventory. While the government of Bulgaria has taken steps to stop SA/LW from ending up on the illicit market, unscrupulous brokers continue to target Bulgaria's excess stocks.

Foreign Military Financing (FMF) is a vital element in the modernization and professionalization of Bulgaria's armed forces. This modernization is key in light of Bulgaria's new NATO membership and its ability to operate in a joint NATO environment. The majority of funds are dedicated to upgrading communications information systems in order to achieve parity with NATO standards. This upgrade allows Bulgaria to operate as a full partner within NATO, including participation in peacekeeping and crisis operations. FMF also improves coordination between the General Staff and the Ministry of Defense by continuing defense modernization efforts. Purchasing night-vision devices for peacekeeping and crisis operations will ensure that Bulgaria is meeting NATO standards, is able to deploy in all conditions, and can maintain the minimum interoperational standards. In addition, FMF will fund much-needed simulation equipment, dramatically increasing levels of training and raising overall levels of operational readiness.

Bulgaria will be eligible in FY 2005 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.

International Military Educational and Training (IMET) continues to provide crucial support to the Bulgarian armed forces. IMET funding includes training for Officers and Non-Commissioned Officers (NCOs) in professional military training, civilian/military relations, and national security affairs. IMET training is focused on developing Bulgaria's Rapid Reaction Force, gaining familiarity with U.S. methods of combating terrorism, raising English language proficiency within the ranks, streamlining communications information systems, and providing management training.

Croatia
(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
FMF	5,500	-	-
IMET	700	800	50
NADR-EXBS	750	750	690
PKO	-	895	-
SEED	30,000	24,853	20,000

The U.S. policy goal of regional stability in the Balkans depends to a considerable extent on Croatia's successful transition from its legacy of communism and ethnic warfare to active participation in the transatlantic community as a stable democracy. Managing that transformation also serves other important American interests, such as fighting terrorism, crime, trafficking and other transnational threats, and creating a secure and attractive climate for U.S. business.

With U.S. assistance, the Croatian government has made significant democratic and economic reforms since 2000. However, the durability of these changes, in the face of major economic and political challenges, is uncertain. Continued assistance through FY 2006 (the last year of Support for East European Democracy funding) is crucial to support Croatia's transition and U.S. policy interests in the region.

From the late 1990s until 2000, Support for East European Democracy (SEED) Act programs in Croatia focused on democracy-building activities, such as technical assistance to local governments, political parties, labor unions, media and non-governmental organizations (NGOs). In 2000, the election of a reform-oriented government opened the door to further U.S. support for economic restructuring, which had been suspended under the Tudjman regime. Our investment in Croatia's future has brought about meaningful steps toward macroeconomic stability. SEED assistance will continue to promote a competitive private sector by strengthening small business and employment in agriculture and agribusiness.

SEED programs help Croatia strengthen democratic institutions and rule of law, and complete implementation of the Dayton Accords, including full cooperation with the International Criminal Tribunal for the former Yugoslavia (ICTY) and a judicial structure that encourages and protects foreign investment. U.S. assistance builds more effective citizen participation, improves law enforcement and governance, and supports the development of a vibrant NGO community. It will continue to create a legacy of trained leaders at local levels where reform is taking place with direct impact on communities. SEED funds create opportunities for refugees to return to their homes and restore basic utilities and community services. These achievements provide the basis for economic revitalization activities in partner municipalities in 2005.

The United States coordinates its assistance program in Croatia closely with the International Financial Institutions and the European Commission, which continue to consider it vital to preparing the ground for, launching and sustaining their own programs.

FY 2005 OSCE Regional Peacekeeping Operations (PKO) assistance will fund a small portion of the U.S. share of the Organization for Security and Cooperation in Europe (OSCE) field mission in Croatia, with the goals of containing and reducing instability in the country and assisting with post-conflict rehabilitation.

Because Croatia so far has not signed an agreement under Article 98 of the American Service-Members' Protection Act, it currently is not eligible to receive Foreign Military Financing (FMF) funds, International Military Education and Training (IMET) funds and Excess Defense Articles (EDA) under Section 516 of

the Foreign Assistance Act. Because IMET funds have provided Croatian armed forces with the training and related English language instruction necessary to function effectively in a modern, professional military and have exposed them to Western military doctrine, we are requesting funding in FY 2005 should Croatia's Article 98 status change.

As part of its efforts to prevent the proliferation of weapons of mass destruction, their delivery systems, and other weapons, the United States will continue providing Croatia with Nonproliferation, Anti-Terrorism, Demining, and Related Programs (NADR) funds in FY 2005. NADR Export Control and Related Border Security Assistance (EXBS) funds will support U.S. assistance to the government of Croatia in establishing an effective export control system. FY 2005 NADR EXBS funding will provide for training in licensing and in determining whether an item or technology is controlled. These funds will also provide for advanced enforcement training at the Radiation Academy in Washington State.

Cyprus
(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
ESF	14,902	13,420	13,500
NADR-EXBS	260	400	400

The United States has a long-standing interest in facilitating a comprehensive settlement on Cyprus. Since Cyprus issues involve our North Atlantic Treaty Organization (NATO) allies Greece and Turkey, these issues have regional stability implications for the entire 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 2005, Economic Support Funds (ESF) will support continuing United Nations efforts to achieve a comprehensive settlement on the island. Should a settlement be reached in the near future, we would re-orient our assistance programs to support implementation of its terms and priorities. In the meantime, ESF will continue to fund programs and activities that encourage tolerance, cooperation and trust between Greek and Turkish Cypriots. These activities are expected to encourage agreement on a settlement by strengthening each side's ability to compromise on a just and lasting settlement, and providing opportunities for multi-sectoral contacts. The remaining funding will be made available for scholarships, short-term training, and other politically sensitive bicomunal projects.

The United States also provides Nonproliferation, Anti-Terrorism, Demining, and Related Programs (NADR) Export Control and Related Border Security (EXBS) assistance funds for a cooperative program to help establish fully effective trans-shipment controls in Cyprus. U.S. funding in 2005 will provide first-responder equipment and training to help Cyprus respond to a weapons of mass destruction (WMD)-related event, as well as a product identification tool and associated training to assist in the identification of dual-use goods. Cyprus has made real progress in the area of export control enforcement, having established a dedicated Cypriot Customs team to inspect trans-shipment container cargo.

Czech Republic

(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
FMF	10,900	7,950	6,000
FMF-SUP	15,000	-	-
IMET	1,929	1,900	1,900
NADR-EXBS	530	-	-

U.S. assistance has contributed to the Czech Republic's development into a democratic, free-market-oriented North Atlantic Treaty Organization (NATO) ally. The Czech Government, including the small but effective Czech Army, has proven to be a stalwart partner in the global war against terrorism. The Czech Republic continues to maintain a nuclear, biological and chemical (NBC) defense unit in Kuwait, and has deployed military police and civilian-military coordination units to Iraq. A Czech military hospital was deployed to Basra through the end of 2003. In addition, the Czech Republic has offered a special forces unit to Afghanistan and has also contributed to allied efforts in Bosnia and Kosovo. Providing specialized support has become a priority for the Czech Republic, as shown by these contributions.

The primary U.S. interest remains helping the Czech Republic improve its ability to contribute fully to NATO missions and other operations related to the global war on terrorism. FY 2005 funds will focus on English language proficiency, building a NATO-compatible and secure command and control system, improving the survivability of forces, effective combat engagement, and supporting reform within the Czech Armed Forces. The United States continues to be supportive of the ongoing economic reforms intended to promote prosperity and prepare for the Czech Republic's anticipated entry into the European Union (EU) in 2004, thus providing an environment in which American business interests can thrive.

Helping the Czech Republic continue its progress on military modernization will maximize its contributions to NATO's role in European security. Foreign Military Financing (FMF) and International Military Education and Training (IMET) programs are essential in helping the Czech Republic realize NATO force goals. FMF, particularly, is important, as it focuses on increasing the Czech Republic's support capability to deploy or receive forces. Restructuring of the Czech military will need to be consolidated through training and further organizational reform. To date, Czech authorities have managed to stay on target to increase defense spending as a percentage of gross national product. U.S. assistance, in the form of FMF and IMET funds, will complement national resources and will help the Czech Government to stay on track in its reforms.

FY 2005 funds will be aimed at promoting the following three objectives:

- Developing a specialized capability to support NATO/Coalition operations in the area of NBC defensive capabilities. This includes the refurbishment of helicopters to enable their use in and support to NATO operations.
- Continuing development and maintenance of NATO Training and Planning Standards. This includes the provision of English language training, technical assistance and consultants, and training simulators.
- Modernizing the Czech Republic's military forces to support NATO through provision of specialized gear, including night-vision and secure communications equipment, as well as continued support for a modernized command and control system.

In FY 2005, the Czech Republic will be eligible 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 its defense requirements and furthering its 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 has provided substantial Nonproliferation, Anti-Terrorism, Demining, and Related Programs (NADR) Export Control and Related Border Security (EXBS) Assistance funds for a cooperative program to strengthen the Czech Republic's export control system. Since the Czech Republic has made significant progress in establishing an effective export control system, there is no specific NADR-EXBS funding request for the Czech Republic in FY 2005. Regional NADR-EXBS funds will continue to fund Czech participation in regional export control events, and an EXBS Advisor stationed regionally will continue to work with Czech officials on an ad hoc basis.

Estonia
(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
FMF	6,500	6,200	5,000
FMF-SUP	2,750	-	-
IMET	1,099	1,200	1,200
NADR-EXBS	400	1,175	1,000
NADR-HD	235	-	-

The Baltic states of Estonia, Latvia and Lithuania are important to Northern Europe's long-term stability. Especially in light of Estonia's anticipated entrance into the North Atlantic Treaty Organization (NATO) and the European Union in the first half of 2004, the country's prospects for the future appear promising. Ever since regaining its independence from the Soviet Union, Estonia has been the recipient of various forms of U.S. assistance. However, now that Estonia has graduated from Support for East European Democracy Act (SEED) assistance future U.S. support will predominantly target the military and security areas. Estonia has shown itself to be a reliable partner for the United States in the war on terrorism and on other important foreign policy issues. U.S. goals for Estonia remain its full integration into Euro-Atlantic institutions; good neighborly relations with nearby countries, especially Russia; and heightened cooperation among the Nordic and Baltic countries. Estonia is also interested in sharing its experience in political and economic reform with other former Soviet states, an effort that the United States fully supports.

Estonia's efforts to become fully interoperable for participation in NATO, Partnership for Peace (PfP), and NATO-associated operations, including peacekeeping, peace enforcement, and humanitarian assistance, will be sustained in part by Foreign Military Financing (FMF). In FY 2005, FMF will continue to support the Regional Airspace Initiative through the provision of navigational aids and Identification Friend or Foe (IFF) equipment. Funding will be made available to help improve Estonian military capabilities through the establishment of a standardized, secure-mode-capable, NATO-interoperable communications network for the Land Forces Brigade, as well as a complete ship voice and messaging system for the Navy. FMF funds will also be used to increase Estonia's support capability to receive or deploy forces.

Since regaining its independence, Estonia has faced the difficult task of rebuilding its military from the ground up. U.S. assistance has played a key role in that process. As Estonia allocates resources on a priority basis for its defense needs, as well as for its contribution to overall European security and stability, International Military Education and Training (IMET) funds will be used to provide professional military education for personnel, uniformed and civilian, serving in key positions in the National Armed Forces and Ministry of Defense. IMET will continue to expose Estonian officers and non-commissioned officers (NCOs) to American tactics, doctrine, and leadership - important elements in raising their level of professionalism. IMET will also provide access for Estonian military and civilian Ministry of Defense personnel to courses in other important areas such as defense resources management and civil-military relations.

In FY 2005, Estonia will be eligible to receive grant Excess Defense Articles (EDA) under section 516 of the Foreign Assistance Act. EDA materiel will help Estonia to meet its national defense requirements and further its 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 Nonproliferation, Anti-terrorism, Demining, and Related Programs (NADR) Export Control and Related Border Security (EXBS) assistance

funds for a cooperative program to help establish fully effective export controls in Estonia. Since Estonia has made significant progress in establishing an effective export control system, FY 2005 will be the last year of new NADR-EXBS funding. FY 2005 funding will focus primarily on providing sophisticated equipment to enhance the security of Estonia's borders.

Serbia and Montenegro

(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
IMET	-	250	250
NADR-EXBS	794	750	735
NADR-SALW	988	80	800
SEED	150,000	134,203	102,000

Serbia and Montenegro is a linchpin in the Balkans. FY 2005 funds will keep fragile political and economic reform on track, as the Republic of Serbia (Republika Srpska) forms a new government following parliamentary elections in December 2003. Major work remains to be done on domestic war crimes trial capacity, rule of law, privatization, job creation and economic growth, and building local democracy, all key to making Serbia a positive regional player. The Government of Serbia and Montenegro has worked closely with the United States to halt arms transfers and military assistance by Serbia and Montenegro entities to states of concern, including Iraq. The Government of Serbia and Montenegro continues to work with the United States in implementing a modern and transparent export control system and is also cooperating in the destruction of excess small arms and light weapons, including Man-Portable Air Defense System (MANPADS) missiles. Serbia and Montenegro has also cooperated on implementing financial sanctions against terrorist groups, including establishing an anti-terrorism task force and a financial intelligence unit. The United States seeks to accelerate Serbia and Montenegro's Euro-Atlantic integration in order to promote regional stability in the Balkans, thus hastening the day when U.S. and North Atlantic Treaty Organization (NATO) forces can be withdrawn from neighboring states.

Support for East European Democracy (SEED) assistance to Serbia and Montenegro supports democratic transition, civil society, democratic institutions and economic reforms, and the integration of a prosperous Serbia and Montenegro into Euro-Atlantic institutions. SEED assistance has helped the government implement and build popular support for difficult political and economic reforms. SEED funding has provided critical economic and humanitarian assistance, especially in areas subject to ethnic tensions and instability. Programs specifically targeting southern Serbia and the Presevo Valley helped to stabilize the area along the administrative boundary line with Kosovo. Following the March 2003 assassination of Serbian Prime Minister Zoran Djindjic by organized crime figures linked to rogue paramilitaries and corrupt officials, the United States accelerated its support for the government's efforts to prosecute domestically organized crime figures and war criminals.

FY 2005 SEED funds will be used to revive the reform processes in Serbia and Montenegro. Government leaders at both the state union and republic levels understand the importance of strengthening democratic institutions and making progress on critical economic and legal reforms. SEED funds will target programs to strengthen democracy and civil society, including local government and community development, media, non-governmental organizations, political parties, and rule of law issues, including judicial reform. A flagship community development program will continue to build democracy at the local level and help the population see tangible benefits from the reform process, thus building support for Serbia and Montenegro's difficult transition.

FY 2005 SEED funds will also continue to provide technical assistance for economic restructuring and reform, including in the areas of fiscal, budget and banking reform. Efforts will focus on boosting private sector development, especially small business. 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 efforts are being focused

principally on the banking and financial systems and on the fiscal regime, while restructuring efforts involve 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.

SEED funds are also being used to enhance Serbia and Montenegro's capacity to investigate, prosecute, and try war crimes and organized crime cases, including the establishment of special domestic courts to deal with war crimes and organized crime. A key U.S. aim is to enhance the ability of the Serbian authorities to pursue war crime cases not adjudicated by the International Criminal Tribunal for the former Yugoslavia (ICTY). Cooperation with the ICTY and arrests of publicly indicted war criminals continue to be a top priority. Other anti-crime efforts target criminal justice sector reform, corruption and trafficking in persons. Section 572 of the FY 2003 Foreign Operations Appropriations Act conditions U.S. assistance to Serbia and Montenegro on, inter alia, Serbia and Montenegro's cooperation with the ICTY. This congressionally mandated certification requirement is a key policy instrument designed to encourage Belgrade's full cooperation with the ICTY and resolution of outstanding war crimes issues.

In an effort to build on the Serbian and Montenegrin Government's recent cooperation with the investigation into past and present Serbian and Montenegrin weapons exports to states of concern, the United States is expanding its export control activities with Serbia and Montenegro. Nonproliferation, Anti-Terrorism, Demining, and Related Programs (NADR) Export Control and Related Border Security (EXBS) Assistance funds will support an accelerated program to help establish an effective export control system in Serbia and Montenegro. FY 2005 NADR funding will provide for training in licensing and in determining whether an item or technology is controlled. Funds will also provide for non-intrusive detection equipment at the border and training for enforcement officials. The EXBS Program is part of the U.S. effort to prevent the proliferation of weapons of mass destruction, their delivery systems, related technologies, and other weapons. In addition, FY 2005 NADR funds will support a program advisor stationed at the U.S. Embassy in Belgrade, who will work with officials to implement EXBS programs in Serbia and Montenegro, as well as Bosnia and Herzegovina. FY 2005 NADR Small Arms and Light Weapons (SA/LW) Destruction funds will be used to continue threat reduction activities that are effectively eliminating excess small arms and light weapons (including MANPADS), while simultaneously improving the physical security of national stockpiles.

The United States is in the process of building strong bilateral military relations with Serbia and Montenegro. In May 2003, a Presidential Directive authorized the establishment of International Military Education and Training (IMET) program with Serbia and Montenegro. Because Serbia and Montenegro has so far not signed an agreement under Article 98 of the American Service-Members' Protection Act, it stands now not to be eligible in 2005 for IMET funds. Because IMET funds have supported professional military education and exchanges, as well as needed English language training, we are requesting funding in FY 2005 should Serbia and Montenegro's Article 98 status change.

Georgia
(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
FMF	6,900	8,000	12,000
FSA	84,056	71,376	90,000
IMET	1,184	1,300	1,200
NADR-HD	1,050	1,500	3,000
P.L. 480 Title II	3,006	2,281	-
Peace Corps	1,521	1,477	1,861

Georgia's peaceful November 2003 "Revolution of Roses" and subsequent changes in its government present a unique opportunity for advancing U.S. interests in Georgia. Lying at the crossroads of Russia, Iran and Turkey, Georgia plays a key role in furthering U.S. interests and has been a strong supporter in the Global War on Terror, Operation Iraqi Freedom, and Operation Enduring Freedom. Georgia granted the United States blanket overflight rights and potential basing permission, and contributed personnel to the U.S. Central Command's (CENTCOM) area of operations. By enhancing Georgia's ability to control its borders, the United States reduces the risk of conflict in the region and helps block the transit of terrorists and weapons into and out of the North Caucasus. Furthermore, with the completion of oil and gas pipelines in the coming 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.

FY 2005 funding will support efforts of the new Georgian Government to undertake the economic and political reforms necessary to ensure that the promise of the November 2003 "Revolution of Roses" is not squandered. The funding will support the new government's focus on anti-corruption, good governance, and economic development programs. U.S. assistance to Georgia will also enhance its territorial integrity, promote regional security and nonproliferation, support the rule of law, support market-based economic reform, strengthen civil society, and help relieve human suffering. In FY 2005, the United States plans to continue a range of security-related programs to improve Georgia's ability to monitor and combat terrorism; deter, detect, prevent, and investigate the flow of illicit weapons of mass destruction (WMD), related materials and expertise; prevent the cross-border illicit transshipment of contraband; and support military reforms.

The FREEDOM Support Act (FSA)-funded Georgia Border Security and Law Enforcement (GBSLE) Program will continue to provide the necessary equipment (such as radios, remote sensors, surveillance and detection equipment), logistical and infrastructure support, and training to help the Georgian Border Guard, Coast Guard, Customs Service, and other security forces maintain an active presence on Georgia's land and sea borders. The GBSLE Program will continue to enhance Georgian capabilities to monitor and control territorial borders, patrol internal checkpoints, and prosecute criminals and terrorists. In addition, this program will continue to enhance interoperability between Georgian security forces and U.S. and Coalition forces. Assistance includes support for uniforms, transportation, infrastructure upgrades, training, command/control/communications, vessels and aircraft, spares and maintenance, radar and facilities operation and management, and new tactical utility vehicles.

With Foreign Military Financing (FMF) funds, the United States will sustain efforts initiated under the Georgia Train and Equip Program, as well as efforts to coordinate the various security services in Georgia to achieve greater interoperability and interagency coordination. FMF funds provide equipment and training to support Georgia's UH-1 helicopter counter-terrorism and security program. The International Military Education and Training (IMET) program helps Georgian soldiers develop the English-language

and professional civil-military skills necessary to augment Georgia's participation in Partnership for Peace and NATO.

In FY 2005, Georgia will be eligible 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 its defense requirements and furthering its interoperability.

FSA funds also provide training and equipment to give Georgia the necessary capability to prevent the spread of dual-use equipment and technology. Additional assistance through the FSA-funded Civilian Research and Development Foundation (CRDF) and the Nonproliferation, Anti-terrorism, Demining, and Related Programs (NADR)-funded Environmental Protection Agency Bioredirect Program and Science and Technology Centers Program 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. These research activities include several projects focused on HIV/AIDS and tuberculosis, as well as activities that engage Georgian, Azerbaijani and Armenian scientists in regional collaboration.

Recent political changes in Georgia have opened a window of opportunity for anti-corruption, law enforcement, and judicial reform efforts. FY 2005 FSA funding will support initiatives to improve the professional development of police and prosecutors; to support reform of law enforcement agencies and the procuracy, focusing on anti-corruption initiatives within these agencies; support law enforcement academy development through assistance for curriculum development and training; support steps to address money laundering and to implement the criminal code; continue judicial reform programs; and continue to support research on criminal justice issues by Georgian academics for use by Georgian decision-makers.

Democracy programs in Georgia in FY 2005 will build on the momentum of the recent changes. Non-governmental organizations, many of which have benefited from U.S. assistance, are numerous and active, and independent media are among the strongest in the former Soviet Union. FSA funds will continue to support civil society programs and development of an independent judiciary.

FSA-funded economic assistance supports the Georgian Government's efforts to reform legal and regulatory systems, privatize the economy, implement budgetary reforms, achieve fiscal stability, and fight corruption. U.S. assistance to help Georgia privatize land has resulted in transfers of parcels on an open market, and the United States will continue to support development of such private sector markets. Lack of political will and official government corruption have been serious impediments to economic reform in Georgia, although opportunities to overcome these obstacles with the new Georgian government are being explored, especially in the areas of budget, energy, and revenue collection. FSA funding in FY 2005 will continue to support programs devoted to the non-governmental sector, including agriculture, and business support and credit programs that help small and medium-sized private businesses.

In order to help relieve poverty and suffering in Georgia, FY 2005 FSA funding will continue to support humanitarian programs for the elderly, internally displaced persons and conflict victims, and will fund food and heat assistance programs, as needed. The United States provides other humanitarian assistance through the Nonproliferation, Anti-terrorism, Demining and Related Programs (NADR) funded Humanitarian Demining Program. In FY 2005, the demining program will continue to address the threat of landmines and unexploded ordnance from the civil conflict in and around the Abkhazia 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.

Greece

(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
IMET	594	600	600

A key North Atlantic Treaty Organization (NATO) ally, Greece is strategically located near Balkan and Middle East trouble spots, and is essential to the ability of the United States and other allies to respond to contingencies in Southern Europe and further east. The U.S. naval base in Crete has played a pivotal role in recent U.S.-led military coalition operations. Greece has given full support to Operation Enduring Freedom and has pledged over \$5 million for assistance to Afghanistan. Greek forces are serving with NATO in Afghanistan.

As the only country in its region belonging to both NATO and the European Union (EU), Greece is a role model for its neighbors, as well as a leading participant in international efforts to promote democracy, stability, and development in Southeastern Europe. Greece also is essential to U.S. efforts to promote a solution on Cyprus and, more broadly, to encourage the peaceful resolution of disputes in the Aegean region. The United States also seeks to help Greece in fulfilling its NATO responsibilities, strengthening international cooperation on counterterrorism, and taking steps that facilitate U.S. business interests.

The International Military Education and Training (IMET) Program promotes the professionalization of the Greek military, and thus U.S. interests, through the training of Greek officers in the United States, thereby establishing cooperative relations with the U.S. military. Prior-year IMET funds have helped Greece maintain a modern military capable of meeting the country's NATO commitments. Greek IMET graduates provide a base of responsible, broadly informed military leaders, as they continue to advance to senior positions.

In FY 2005, IMET funding will reinforce the involvement of the Greek armed forces in the stabilization of Afghanistan, multinational regional peacekeeping, Balkan stabilization efforts, and cooperative programs with other regional NATO allies and Partnership for Peace members. Greece continues to take positive steps with Turkey to reduce military tensions, as part of the general rapprochement in relations between the two countries. IMET also creates opportunities for greater contact and cooperation between the militaries of Greece and Turkey, by offering special Greek-Turkish joint training courses and, where possible, assigning both Greek and Turkish officers to high-level training.

Consistent with its readiness needs and NATO obligations, Greece also is a recipient of Excess Defense Articles (EDA). It will be eligible to receive grant EDA in FY 2005 under Section 516 of the Foreign Assistance Act. The transfer of grant EDA to Greece is a part of U.S. and NATO efforts to strengthen regional stability in Southeastern Europe and the Eastern Mediterranean. In view of Greece's strategic location, the United States in recent years has asked Greece to become a more active participant in key regional peacekeeping missions in Albania, Bosnia and Kosovo. As an active member of the Multilateral Peacekeeping Force in Southeast Europe, Greece may also use EDA in related regional missions, all of which are designed to promote stability in the region.

Hungary
(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
FMF	10,900	7,955	6,000
FMF-SUP	8,000	-	-
IMET	1,888	1,900	1,900
NADR-EXBS	350	-	-

U.S. assistance has contributed to Hungary's development into a stable, democratic, market-oriented North Atlantic Treaty Organization (NATO) ally that contributes to the security of the Central European region, and actively participates in NATO operations. Hungary will pursue further economic and legal reform, as the country becomes part of the European Union (EU) in 2004. Hungary has contributed to international efforts in the Balkans, Iraq and Afghanistan, and has been an ally in the fight against terrorism. A 300-person Hungarian transportation battalion is currently serving in Iraq, and Hungary has provided a medical unit and materiel to Operation Enduring Freedom in Afghanistan in addition to providing basing and overflight access for U.S. and NATO forces. Hungary has also supported counterterrorism training at the Support for East European Democracy (SEED) Act-funded International Law Enforcement Academy (ILEA) in Budapest.

The current Hungarian Government has boosted defense spending by 20 percent and is following through on its plan to free more resources for modernization by reducing military personnel, closing redundant bases, and restructuring military forces. In a welcome move, the Hungarian Parliament recently amended the Constitution to facilitate the deployment of troops to NATO missions without the requirement of a two-thirds vote in Parliament. FY 2005 Foreign Military Financing (FMF) and International Military Education and Training (IMET) assistance will be used to improve Hungary's interoperability with NATO and support Hungary's program of force modernization, including fulfillment of several key NATO force goals, as well as increase its support capability in deploying or receiving forces. FY 2005 FMF funds will continue to support Hungary's identified military transformation priorities: moving from a mechanized to a light ground force; training a new contract force as conscription ends; establishing a special forces capability; and NATO interoperability. Purchase of defense articles and services will target improvements in the areas of command, control, communications, and computers; Nuclear, Biological and Chemical (NBC) defense capabilities; special forces capabilities; non-commissioned officer (NCO) development; simulation program upgrades; and continued assistance in defense reform and resource management. Planned projects include the following:

- Continued improvement of night-vision capability and ground navigational equipment allowing for rapid improvement in NATO interoperability, tactical capabilities, and combat effectiveness;
- Installation of command, control and communications equipment and a field-capable computer system so that Hungarian forces will be capable of communicating among themselves and with NATO and other Partnership for Peace forces;
- Improving capabilities in the area of NBC operations and conducting combat training through the Multiple Integrated Laser Enhancement System (MILES) Program, which provides realistic training for soldiers;
- Assist in the development of Hungary's new contract force and a Special Forces capability; and

- U.S. contactor-assisted efforts in force modernization/restructuring and personnel and logistics systems development.

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 NCOs.

Since Hungary has made significant progress toward establishing an effective export control system, there is no separate Nonproliferation, Antiterrorism, Demining, and Related Programs (NADR) Export Control and Related Border Security Assistance (EXBS) line-item for Hungary in FY 2005. Hungary has maintained a strong nonproliferation record over the last several years, implementing stringent legal controls on exports of dual-use equipment and arms. EXBS regional funds will continue to be used to support Hungary's participation in regional export control events, and a regionally based EXBS Advisor will cooperate with Hungarian officials on an ad hoc basis.

Hungary will continue to be eligible in FY 2005 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 its defense requirements, and furthering its interoperability.

Ireland
(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
ESF	28,298	21,870	12,000

A permanent political settlement in Northern Ireland remains a priority foreign policy goal of the United States. The United States seeks to assure the full implementation of the Good Friday Agreement, which provides a framework for lasting peace and reconciliation in the region.

Economic Support Funds (ESF) support two programs which contribute to the peace process: the International Fund for Ireland (IFI) and the Irish Peace Process Cultural and Training Program of 1998 (the Walsh Visa Program).

The IFI was established in 1986 by the British and Irish governments to promote economic and social advancement and encourage contact, dialogue and reconciliation between nationalists and unionists throughout Ireland and Northern Ireland. The U.S. contribution of \$8.5 million in FY 2005 will foster cross-community interaction, economic regeneration, and job opportunities in Northern Ireland and the border counties of Ireland. The European Union, Canada, Australia, and New Zealand have also contributed to the Fund, although neither Australia nor New Zealand is an active donor.

Reconciliation projects and economic development will be supported in FY 2005. Disbursements from the Fund are made in support of equality of opportunity and nondiscrimination in employment, addressing needs in both Catholic and Protestant communities and encouraging cross-community cooperation. From 1986 through the end of FY 2003, the fund has underwritten nearly 5,000 projects in the areas of urban development, education, tourism, community infrastructure, and assistance to small businesses, in addition to efforts to bring about greater cross-community contact and reconciliation.

ESF funding of \$3.5 million is requested for the Walsh Visa Program, which is also dedicated to support economic regeneration and peace and reconciliation in Ireland and Northern Ireland. The October 1998 law establishing this program was designed for young residents of Northern Ireland and the border counties of Ireland, to enable them to develop job skills and conflict resolution abilities. Those meeting the program criteria are eligible for non-immigrant visas enabling them to work for up to three years in the United States to gain job experience and work skills.

The first group under the Walsh Program entered the United States in March 2000 and the last group arrived in September 2003. FY 2005 funding provides continued support and monitoring for Walsh participants until their return home.

Kazakhstan

(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
FMF	2,900	2,980	6,000
FSA	43,416	33,342	28,000
IMET	872	1,200	1,000
NADR-EXBS	1,900	2,000	2,000
NADR-SALW	-	-	500
Peace Corps	2,208	2,052	2,724

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. Kazakhstan has vast hydrocarbon reserves and is the largest Central Asian state, sharing borders with Russia and China. In support of Operation Enduring Freedom, Kazakhstan provided the United States with overflight permission and has offered basing privileges. Kazakhstan has supported Operation Iraqi Freedom, contributing soldiers to the Coalition force.

Key U.S. interests in Kazakhstan include the following: (1) building on the Kazakhstani Government's commitments to the Global War on Terrorism; (2) building on non-proliferation programs that have achieved impressive successes, including the U.S. Defense Department's Cooperative Threat Reduction (CTR) Program; (3) promoting democratic governance, open markets, a favorable investment climate for U.S. firms, and integration of Kazakhstan into the world trading system, and (4) supporting efforts to enhance Kazakhstan's capabilities to counter the transport of illicit drugs produced in Afghanistan.

FY 2005 FREEDOM Support Act (FSA) funds will continue to provide support for small and medium-sized enterprises (SMEs), improved management of critical natural resources, improving primary health care, fighting infectious diseases, and strengthening civil society and citizen participation in political processes. In addition, FSA-funded programs will continue to support nonproliferation cooperation and improvements in law enforcement and counter-narcotics capabilities.

An important element of FSA-funded U.S. economic reform assistance is the U.S.-Kazakhstan Business Development Partnership, also known as the "Houston Initiative," which includes technical assistance, training, small-business loans, and equity investments aimed at removing barriers to investment, increasing business opportunities for Kazakhstani and U.S. investors and helping to diversify the economy and build a middle class in Kazakhstan. The Quality Primary Health Care program is implementing systemic changes to create a higher quality, user-friendly, more cost-effective primary healthcare system in select regions. The natural resources management program is increasing access to information, knowledge, and skills needed to better manage water and energy resources.

During the course of the coming year, the Administration will develop a phase-down plan for FSA-funded assistance to Kazakhstan, which will include a plan for cost-sharing with the Government of Kazakhstan. As the flow of revenue from Caspian oil increases over the next few years, the Government of Kazakhstan should be expected to share the cost of technical assistance and training in a broad range of areas.

Disparities in income between socio-economic groups and between oil and non-oil producing regions continue to grow in Kazakhstan. Private-sector development programs are crucial to our efforts to help diversify the country's sources of economic growth, and will continue in FY 2005.

Kazakhstan's progress on democratic reform continues to be uneven. The conduct of the parliamentary election in 2004 will be an important test of the Kazakhstani Government's commitment to democracy. In the face of these challenges, FSA-funded democracy assistance programs are designed to: (1) help maintain citizen participation through support for political processes and institutions that provide a counterbalance to executive power, (2) strengthen grassroots civic organizations and (3) develop more effective, responsive, and accountable local government.

The United States will continue to provide funding for broadcast and print media assistance in Kazakhstan. Programs will help independent Kazakhstani broadcast media to meet their country's broadcast and production laws and thereby decrease their chances of legal challenges to their operation. The United States will also support local human rights defenders, government plans for judicial reform, and activities to promote free and fair elections. The local government project will continue to work to promote citizen participation and improve local governments' responsiveness to citizens; this program has been successful in addressing difficulties with the privatization of housing. USAID will also continue its work to strengthen non-governmental organizations (NGOs) by providing training, assistance and small grants.

With the dissolution of the Soviet Union, Kazakhstan became a de facto nuclear weapons state. Following its independence, Kazakhstan began to work cooperatively with the United States and others to dismantle Soviet-era nuclear, biological and chemical weapons infrastructure and redirect related expertise. U.S. nonproliferation assistance programs address these potential sources of proliferation. FY 2005 FSA and Nonproliferation, Anti-terrorism, Demining, and Related Programs (NADR) Export Control and Related Border Security Assistance (EXBS) funds will continue to help prevent, deter, detect, investigate and interdict threats of proliferation; ensure the security of nuclear materials; redirect former Soviet weapons expertise to peaceful projects; and enhance Kazakhstan's capabilities and infrastructure to control exports and secure its borders. In FY 2005, a high priority for NADR- and FSA-funded assistance will be the development of Kazakhstan's maritime border security capabilities. The United States will sponsor joint regional training programs on border searches, weapons of mass destruction (WMD) and immigration procedures; counter-proliferation awareness courses; and international border interdiction training for border security officials. It will also provide equipment and training that will enable Kazakhstan's border authorities to protect Caspian energy infrastructure and key energy transport routes.

After the breakup of the Soviet Union, Kazakhstan was left with an enormous arsenal of small arms/light weapons (SALW) and associated ammunition. Through the North Atlantic Treaty Organization (NATO) Partnership for Peace (PfP), Kazakhstan has requested assistance with the destruction of excess SA/LW and associated ammunition stocks, which are far in excess of its defense needs and at risk of leaking into the illicit market. NADR SA/LW funding will be used for this purpose.

The BN-350 breeder reactor in Aktau, Kazakhstan is in standby condition. Using Defense Nuclear Nonproliferation (NN) and FSA funds, the U.S. Department of Energy (DOE) is leading U.S. Government efforts to continue cooperation with Kazakhstan on the long-term secure storage of spent fuel from the BN-350 reactor at Aktau.

Kazakhstan's law enforcement agencies are poorly equipped and in need of reform and improvements in their capabilities. Kazakhstan's lengthy borders are inadequately monitored. Legislation criminalizing the financing of terrorism has yet to be adopted, previously enacted legislation criminalizing money laundering needs improvement, and there is no central financial intelligence unit to track suspicious financial transactions. The United States is supporting a new project to improve border controls on the southern Kazakhstani border, modernize statistics collection, train financial investigators in money laundering related to narcotics trafficking, and begin assistance and training to selected border guard and police units on the northern and southern Kazakhstani borders focused on intercepting narcotics.

FY 2005 funding will support expanded projects to fight money laundering and terrorist financing, continued efforts to address trafficking in persons and support reforms in the judicial sector and law enforcement agencies, and expand border security efforts aimed at narcotics trafficking and other organized criminal activities. FY 2005 funding will also support efforts to encourage modernization of Kazakhstan's law enforcement agencies and improved respect for the rights of suspects and prisoners and will support greater bilateral cooperation between Kazakhstani law enforcement agencies and the U.S. Drug Enforcement Administration and other U.S. law enforcement agencies.

NADR Anti-terrorism Assistance (ATA) Program regional funds will continue to provide training to Kazakhstani law enforcement and security elements engaged in the prevention of terrorism.

FY 2005 Foreign Military Financing (FMF) will continue to enhance Kazakhstan's capability to combat terrorism in the region through security enhancements and counterterrorism support. FMF will continue to provide assistance to the Peacekeeping Battalion and help support development of a rapid reaction brigade near the Caspian oil field in Atyrau. This brigade will enhance Kazakhstan's capability to respond to major terrorist threats to oil platforms or borders, while also enhancing its interoperability with NATO, U.S., and Coalition forces. FMF funds will support the purchase of interoperable communications equipment, basic individual soldier equipment, vehicles, and power generator systems.

FY 2005 International Military Education and Training (IMET) funds will help facilitate greater professionalism and reform of the armed forces. English language training will continue to foster cooperation and interoperability, especially with regard to the Kazakhstan Peacekeeping Battalion and rapid reaction brigade. IMET is the vehicle through which the United States will continue to expand its security relationship with Kazakhstan through military integration and promotion of interoperability.

In FY 2005, Kazakhstan will be eligible to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Provision of EDA will help Kazakhstan meet its defense requirements and further its NATO interoperability.

Kosovo
(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
PKO	-	9,444	-
SEED	85,000	78,534	72,000

Since the end of the conflict in 1999, the United States has actively promoted political and economic stability in Kosovo. In line with United Nations Security Council Resolution (UNSCR) 1244, the United States continues to support the United Nations Interim Administration Mission in Kosovo (UNMIK) while encouraging it to transfer additional responsibilities to the Provisional Institutions for Self-Government (PISG) in accordance with the Constitutional Framework and UNSCR 1244. U.S. assistance is designed to help UNMIK and the PISG make progress toward attaining eight fundamental standards key to Kosovo's multi-ethnic democratic development. These standards include the development of functioning democratic institutions, rule of law, freedom of movement, return and reintegration of refugees and displaced persons, a market economy, property rights, direct dialogue with Belgrade and professionalization of the Kosovo Protection Corps (KPC).

FY 2005 Support for East European Democracy (SEED) funds will continue to support programs that strengthen democratic institutions, the rule of law, good governance and human rights, as well as the development of a market economy integrated with the region and the rest of Europe. SEED-funded programs seek to solidify stability and democracy within Kosovo in order to hasten the day when the North Atlantic Treaty Organization (NATO)-led Kosovo Force, which includes approximately 2,200 U.S. troops, can withdraw. Given the importance of law enforcement and administration of justice, the United States will continue to support the UNMIK International Police Force and to train and equip the Kosovo Police Service (KPS), which is increasingly taking on expanded investigative processes including against organized crime.

Institution-building and democracy programs will remain important components of SEED funding in FY 2005. U.S. support will continue to boost the competency of the PISG and municipal-level governments through training, advisory services and material donations. Support will also be provided to include independent media, professionals, youth and civic leaders, as well as other human-rights activities, including the identification of missing persons. U.S. assistance will also support the return and reintegration process in Kosovo. Kosovo's economic recovery is another fundamental objective of U.S. assistance, through the provision of technical assistance and advisory services in key economic functions such as budgeting and finance, commercial law and private enterprise development both at central and grassroots level. USAID's programs support the growth of small and medium enterprise (SME) development and agribusiness support, along with community and non-governmental organization (NGO) development, which round out the U.S. contribution to Kosovo's economic recovery.

FY 2005 OSCE Regional Peacekeeping Operations (PKO) assistance will fund a small portion of the U.S. share of the OSCE's field mission in Kosovo (OMIK), with the goals of containing and reducing instability and assisting with post-conflict rehabilitation. In Kosovo, OMIK is an integral part of UNMIK's Pillar III (Democratization and Institution-Building) and is charged with oversight of activities such as human-resource capacity building, including the training of the Kosovo Police Service; democratization and governance, including the development of civil society, NGOs, political parties and the local media; organization and supervision of elections; and monitoring, protection and promotion of human rights.

Latvia
(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
FMF	6,500	6,610	5,000
FMF-SUP	2,750	-	-
IMET	1,091	1,200	1,200
NADR-EXBS	1,150	1,825	1,000

The Baltic states of Estonia, Latvia and Lithuania are important to the long-term stability of Northern Europe. With Latvia's expected entrance into the North Atlantic Treaty Organization (NATO) and the European Union (EU) in the first half of 2004, its prospects for the future are promising. The United States has maintained a significant assistance relationship with Latvia ever since it regained its independence from the Soviet Union. However, now that Latvia has graduated from Support for East European Democracy Act (SEED) assistance future U.S. support will concentrate on the military and security areas. U.S. goals for Latvia remain the following: Latvia's full integration into Euro-Atlantic institutions, good relations with nearby countries, including Russia, and strengthened cooperation among the Nordic and Baltic countries. Latvia is interested in sharing its experience in political and economic reform with other former Soviet states, an effort that the U.S. fully supports. In FY 2005, U.S. defense and military assistance programs will provide material aid and training, complement allied and partner-state support for Latvia by participating in multilateral projects, and strengthen the professionalism of the country's defense establishment. Latvia has proven itself to be a reliable partner for the United States in the war on terrorism and on other high-priority foreign policy issues.

Latvia's military has had to start from almost nothing since the country regained its independence. In little more than a decade, it has become a territorial defense force with a capability to take part in international operations. Progress by the Latvian Government in developing this force and procuring significant new defense materiel has been slowed by the limited availability of national funding. However, the government is committed to annual allocations for defense spending at two percent of gross domestic product through 2008. The chief goals of the Latvian military are to enhance military professionalism and NATO interoperability. At the same time, essential salary reforms and quality-of-life projects, such as improved housing, that are necessary for building a professional force have been high priorities and will continue to consume a large part of the initial budget increases.

The Foreign Military Financing (FMF) Program is a critical factor in Latvia's efforts to make its military more interoperable for participation in NATO, Partnership for Peace (PfP), and NATO-associated operations, including peacekeeping, peace enforcement, and humanitarian assistance. In FY 2005, FMF is expected to promote high-priority goals, such as support for the Regional Air Surveillance Coordination Center (RASCC)/Air Support Operations Center (ASOC); the provision of logistical training and support for the Baltic Naval/Demining Squadron (BALTRON), which takes part regularly in multinational activities to remove World War II and Cold War-era sea mines and unexploded ordnance; the enhancement of NATO-compatible communications infrastructure; support for and transportation of U.S. Excess Defense Articles (EDA); continued development of the national training center and a training system for officers, non-commissioned officers (NCOs), and conscripts; and English language training.

The International Military Education and Training (IMET) Program also support Latvia's reform efforts. In FY 2005, IMET will continue to further Latvian efforts to develop a professional, well-educated cadre of military officers and civilian defense officials that strengthens support for democratic values, civilian

control of the military, and the adoption of doctrines, procedures, and training techniques that are consistent with those of Western democracies.

In FY 2005, Latvia will be eligible to receive grant EDA under section 516 of the Foreign Assistance Act. Articles transferred to Latvia under EDA will help it in meeting its defense requirements and furthering its NATO interoperability.

As part of U.S. efforts to prevent the proliferation of weapons of mass destruction, their delivery systems, related technologies, and other weapons, Nonproliferation, Anti-Terrorism, Demining, and Related Programs (NADR) Export Control and Related Border Security (EXBS) assistance funds will support a cooperative program to help establish fully effective export controls in Latvia. Since Latvia has made significant progress in establishing an effective export control system, FY 2005 will be the final year of new NADR funding. In FY 2005, NADR funding will focus primarily on providing sophisticated equipment to enhance the security of Latvia's borders.

Kyrgyz Republic
(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
FMF	3,900	4,075	3,000
FSA	37,878	35,938	33,000
IMET	1,068	1,200	1,100
NADR-EXBS	2,000	500	500
Peace Corps	1,470	1,496	1,940

The United States seeks to help the Kyrgyz Republic become a democracy that is based on the rule of law and civil society, 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 is providing crucial support for Coalition forces in support of Operation Enduring Freedom, Operation Iraqi Freedom, and the Global War on Terror, most notably in hosting the Ganci Coalition airbase.

U.S. assistance to the Kyrgyz Republic seeks to enhance its sovereignty and territorial integrity, increase democratic participation and civil society, support economic reform and development, improve its ability to protect human rights, help prevent weapons proliferation, and more effectively combat transnational terrorism and transnational criminal activities including drug trafficking, and trafficking in persons.

In FY 2005, the United States plans to continue economic and technical assistance for small and medium-sized enterprise development, civil society strengthening, and health reform. Efforts to improve the capabilities of Kyrgyz law enforcement agencies to intercept major narcotics smuggling out of nearby Afghanistan and to combat other forms of organized crime will be expanded. A range of security-related assistance programs for the Kyrgyz Republic will be funded through the FREEDOM Support Act (FSA), Nonproliferation, Anti-Terrorism, Demining, and Related Programs (NADR), Foreign Military Financing (FMF) and International Military Education and Training (IMET) accounts.

FSA-funded economic assistance helps the Kyrgyz Republic's private sector create free and viable markets where microenterprises and private small and medium-sized enterprises (SMEs) can thrive. FSA-funded programs have helped the Kyrgyz Republic make progress in tax reform and government budget processes. Credit financing supports micro and SME development. FSA programs have also helped the Kyrgyz Republic become a regional leader in health reform.

While the Kyrgyz Republic has been a leader within Central Asia in developing democratic institutions, 2003 saw passage of constitutional amendments that were drafted without civil society participation. On a positive note, 2003 marked the opening of a U.S. Government-funded independent printing press, which will contribute to the freedom of expression and sustainability of print media in the Kyrgyz Republic. Another positive development in 2003 was passage of a new law that devolves increased financial autonomy to local governments. In comparison with its neighbors, the Kyrgyz Republic still has the most dynamic civil society in the region.

Presidential elections scheduled for 2005 present an historic opportunity for the Kyrgyz Republic to be a model for peaceful, democratic transfer of executive power in the region. FSA-funded democracy assistance will continue to support civil society and independent media, with a focus on ensuring free and fair parliamentary and presidential elections in 2005. Programs to work with local governments and citizens to strengthen the accountability of government will continue. U.S. assistance to promote education

reform, with programs focusing on civic education, basic education, and the continued development of the American University of Central Asia (formerly the American University of Kyrgyzstan), will also continue.

The FSA and NADR accounts will continue to fund peaceful scientific activities by former weapons scientists. Among other scientific activities, the FSA account supports the International Geodynamics Research Center (IGRC), which monitors the region's seismic activity and thus provides non-proliferation experts with information on man-made seismic activity in China, the Middle East and parts of South Asia. Through the Export Control and Related Border Security Assistance (EXBS) program funded under the FSA and NADR accounts, the United States will continue to work with the Kyrgyz Republic to enhance all aspects of its export control system to prevent, deter, detect, investigate and interdict weapons proliferation, with a focus on institutionalizing effective inspection and detection training for border control personnel. The United States will also continue to provide support to enhance border security capabilities through the EXBS Aviation/Interdiction Project. NADR Anti-terrorism Assistance (ATA) Program regional funds will continue to provide counterterrorism training to Kyrgyz law enforcement and other security personnel to bolster its ability to maintain security at home and to participate in the Global War on Terror.

The Kyrgyz Republic is a major transit country for illegal narcotics produced in nearby Afghanistan and bound for Russia and Western Europe. The revenues from such drug smuggling are strongly believed to be a source of financing for terrorist entities. A substantial amount of U.S. law enforcement assistance to the Kyrgyz Republic will therefore be aimed at improving the interdiction and enforcement infrastructure and training of counter-narcotics units.

FY 2005 FSA funds will further expand law enforcement assistance programs to address the rapidly growing narcotics smuggling out of Afghanistan and the very poor state of Kyrgyz law enforcement equipment, training and practices. FY 2005 funding will provide support for the operations of the new Kyrgyz Drug Control Agency, which will be staffed by vetted Kyrgyz personnel. Assistance will also be provided for further law enforcement agency reforms, including reforms to ensure proper treatment of suspects; for continued development of the judicial sector; for expanded border control improvements; for work with Kyrgyz prosecutors; and for improvements in the Kyrgyz government's ability to detect and halt money laundering and terrorist financing.

Foreign Military Financing (FMF) will be devoted to a range of projects aimed at reinforcing the Kyrgyz Republic's capability to combat terrorist insurgents moving through the region, establishing greater internal security, and promoting regional stability. FMF will sustain the professionalization of the armed forces of the Kyrgyz Republic and will promote interoperability. FMF will purchase vehicles and individual soldier equipment for troops and rapid reaction forces located in the border regions with Tajikistan and Uzbekistan. FMF will also support Command, Control and Communications nodes for tactical and state-level capabilities.

International Military Education and Training (IMET) funds will help facilitate greater professionalism and reform of the armed forces and provide English language training. Special forces and English language training for border defense will combat the continuing threat of terrorists and insurgents in the Kyrgyz Republic and across the region and promote interoperability.

The Kyrgyz Republic will continue to be eligible to receive Excess Defense Articles (EDA) in FY 2005 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 its 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. FSA-funded humanitarian assistance will fund the delivery of targeted assistance, including medicines, medical supplies, food and clothing.

Lithuania
(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
FMF	6,500	6,950	5,500
FMF-SUP	4,000	-	-
IMET	1,087	1,200	1,200
NADR-EXBS	820	1,020	1,000

The Baltic states of Estonia, Latvia and Lithuania are important to the long-term stability of Northern Europe. Lithuania has promising prospects for the future, especially in light of its anticipated entrance into the North Atlantic treaty Organization (NATO) and the European Union (EU) in the first half of 2004. The United States has maintained a significant assistance relationship with Lithuania ever since it regained its independence from the Soviet Union. However, now that Lithuania has graduated from Support for East European Democracy Act (SEED) assistance future U.S. support will focus on the military and security fields. Lithuania has proven itself to be a reliable partner of the United States in the war on terrorism and in other high-priority foreign policy areas. U.S. goals for Lithuania continue to include Lithuania's full integration into Euro-Atlantic institutions, good relations with nearby countries, including Russia, and strengthened cooperation among the Nordic and Baltic countries. Lithuania is also interested in sharing its experience in political and economic reform with other former Soviet states, an effort that the U.S. fully supports. The United States is supporting the Lithuanian military's ability to interact effectively with NATO and to contribute to stability and dialogue in the region.

Given its impending membership in NATO, Lithuania is on the verge of achieving full integration into Western security structures. However, since the country regained independence, its military has had to build itself up from almost nothing – a daunting task. Lithuania is committed to maintaining defense spending at two percent of gross domestic product and is seeking to prioritize its military spending, both for its own defense needs and for its contributions to European security overall. The International Military Education and Training (IMET) Program will continue to strengthen and modernize Lithuania's defense establishment through education and training for military officers and Defense Ministry civilians. The goal is to develop a well-educated, professional cadre that enhances support for democratic values, civilian control of the military, and the adoption of procedures, doctrines, and training techniques that are consistent with those of Western democracies.

Foreign Military Financing (FMF) provides essential support to the Lithuanian military's efforts to become more interoperable for participation in NATO, Partnership for Peace (PfP), and NATO-associated operations, including peacekeeping and peace enforcement, as well as humanitarian assistance. FMF helps ensure that Lithuania is ready for its participation in the Polish-Lithuanian Battalion (LITPOLBAT) and that its contingent of the Baltic Peacekeeping Battalion (BALTBAT) remains capable of full participation in peacekeeping and peace enforcement. FMF will also be used for continued support of the Regional Airspace Initiative by assisting with radar and Identification Friend or Foe (IFF) system upgrades to provide better help for coalition operations and host-country support through needed linkages. Funds will also be used to strengthen the capabilities of Lithuania's High Readiness Brigade.

In FY 2005, Lithuania will be eligible to receive grant Excess Defense Articles (EDA) under section 516 of the Foreign Assistance Act. Materiel transferred as EDA will help Lithuania to meet its defense requirements, institute defense reforms, and further its defense and NATO interoperability. The provision of EDA also will contribute to Lithuanian maritime sovereignty and facilitate the country's ongoing contribution to European security and environmental amelioration through Baltic Naval/Demining

Squadron (BALTRON) operations to remove World War II and Cold War-era sea mines and unexploded ordnance.

As part of its efforts to prevent the proliferation of weapons of mass destruction, their delivery systems, related technologies, and other weapons, the U.S. is providing Nonproliferation, Anti-terrorism, Demining, and Related Programs (NADR) Export Control and Related Border Security (EXBS) assistance funds for a cooperative program to help establish fully effective export controls in Lithuania. In FY 2005, NADR-EXBS funding will focus primarily on providing sophisticated equipment to enhance border security.

Macedonia
(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
FMF	10,900	7,950	6,500
FMF-SUP	1,000	-	-
IMET	676	700	650
NADR-EXBS	300	300	400
Peace Corps	1,393	1,473	1,852
SEED	50,000	38,770	34,000

U.S. interests in Macedonia include consolidating peace and stability gains in the wake of the 2001 insurgency and encouraging accelerated progress on democratic, economic, and military reforms on Macedonia's path to full membership in Euro-Atlantic institutions. Regionally, Macedonia could be a valuable model of a successful multi-ethnic democracy with constructive relations with its neighbors and strong, stable political institutions. Macedonia played a key supportive role to U.S. and Allied efforts during the Kosovo crisis and remains the main conduit for assistance and logistics for international forces and the United Nations administration in Kosovo. The United States has an enduring 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 to both Macedonian and regional stability. By working to strengthen its multi-ethnic, democratic institutions through implementation of the 2001 Framework Agreement that ended the insurgency, Macedonia is making an invaluable contribution to regional stability. It is also contributing to the global war against terrorism with troop contributions in Iraq and Afghanistan.

The goals of U.S. assistance to Macedonia are to deepen inter-ethnic reconciliation and cooperation, promote economic reform, and strengthen democratic institutions and security. The U.S. strategy includes both short- and longer-term efforts to advance political and security gains, to improve the environment for investment and sustained economic growth, strengthen multi-ethnic democratic institutions and cooperation in the context of the Framework Agreement, and support Macedonia's North Atlantic Treaty Organization (NATO) Membership Action Plan (MAP).

In FY 2005, Support for East European Democracy (SEED) assistance programs in Macedonia will advance economic reforms, democracy-building and decentralization, while broadening the scope of ongoing activities that promote inter-ethnic relations and address minority concerns in the spirit of the Framework Agreement, such as programs to assist Macedonian governmental institutions in ensuring non-discrimination and equitable representation. Programs will strengthen the effectiveness and representative nature of state institutions, including the police, through training police officers in the tenets of community policing to create a more constructive and cooperative environment for police operations. Other programs will stimulate local private sector economic development and help the government to develop a progressive legal framework that will foster job creation and growth. Emphasis will be placed on underdeveloped areas, including predominantly minority areas most affected by the 2001 insurgency.

SEED funds will finance assistance in enterprise development, legal, accounting, and judicial reform, privatization and labor redeployment, and financial sector reform. SEED-funded programs are helping Macedonia to improve its investment climate, economic capacity, and adherence to international standards. The U.S. strategy includes programs to reduce the negative impacts of democratic and market transition on all ethnic groups, with emphasis on those who have yet to benefit from the market transition or are

disenfranchised, alienated, or politically under-represented. These programs will reduce support for extremism within these groups and will strengthen Macedonia's democratic, economic, and civil institutions through such initiatives as Democracy Commission grants to NGOs.

FY 2005 OSCE Regional Peacekeeping Operations (PKO) funds will fund a small portion of the U.S. share of the OSCE's field mission in Macedonia, with the goals of containing and reducing instability in the country and assisting with post-conflict rehabilitation.

The armed insurgency in early 2001 fully engaged the Macedonian government's security forces, delaying and necessitating reassessment of military reorganization and training programs. In FY 2005, the Macedonian military is expected to avail itself of opportunities for training and equipment acquisition, in order to strengthen its ability to counter internal and cross-border extremist threats.

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 armed forces according to the parameters of the MAP. FY 2005 FMF funds will continue to improve the armed forces' operational capacity to enable participation in regional and international stabilization and peacekeeping efforts. Upgrading the military's Tactical Communication Systems will improve Command and Control and interoperability.

FMF will continue to advance reform and modernization of the armed forces by supporting Macedonia's MAP goals of NATO membership, further development of a NATO interoperable force structure for out-of-country operations, and improved civilian control of the armed forces. Funding will be used to provide training and equipment for maintaining communications equipment, command vehicles, and similar equipment. Funding will provide spare parts, maintenance and operator training and tools. Improvement of interoperability and deployability through building English language capacities will continue. In FY 2005, IMET funds will be used for professional military education and exchanges, as well as English language training.

The Macedonian military faces significant reorganization and modernization challenges in pursuit of affordable force structures that adhere to a Western, NATO-compatible model and are based on a realistic threat assessment. While some, albeit slow and inconsistent, progress in the required transformation was made prior to the insurgency, ground was lost during 2001 when existing MAP-oriented restructuring plans were shelved. Macedonia committed itself to getting MAP reforms back on track and completed a bilateral Defense Assessment in 2002. It has made efforts to improve not only the quality of its non-commissioned officer (NCO) corps as well as its senior leadership. Under IMET-funded programs, Macedonian Ministry of Defense civilians, senior military officers, and NCOs are receiving key training. Macedonia continues to use its cooperative relations with 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.

In FY 2005, Macedonia will be eligible to receive grant Excess Defense Articles (EDA) under Section 516 of the Foreign Assistance Act. The transfer of EDA will assist Macedonia in meeting short-term defense needs, capability enhancements through continued defense reform, and further interoperability improvements.

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 Nonproliferation, Anti-Terrorism, Demining, and Related Programs (NADR) funds under the Export Control and Related Border Security (EXBS) Assistance Program to help the government put in place a fully effective export control and

enforcement regime. This funding will provide training and inspection/detection equipment to strengthen export control laws, regulations and enforcement, in order to bring Macedonia's control of sensitive items in line with international nonproliferation norms.

Malta
(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
FMF	5,000	990	-
IMET	292	250	125
NADR-EXBS	480	100	100

Many in the international community, including European Union (EU) member and accession states, consider Malta to be a key forward boundary that bridges Europe, North Africa, and the Middle East. One third of all international maritime traffic passes through or by Malta. The United States supports Malta's integration into the Euro-Atlantic mainstream. U.S. national interests include extending our presence in Malta to check Libyan influence internationally, particularly its development of a weapons of mass destruction (WMD) program. In addition, Malta is an active partner with the United States in combating counter terrorism and WMD proliferation. By virtue of its close cooperation with the United States on a wide range of security-related activities, Malta serves as a proxy nation in promoting regional security and stability.

Malta so far has not signed an agreement under Article 98 of the American Service-Members' Protection Act and is currently not eligible to receive Foreign Military Financing (FMF) funds, International Military Education and Training (IMET) funds and Excess Defense Articles (EDA) under Section 516 of the Foreign Assistance Act. Because IMET funds have helped Malta strengthen its counterterrorism efforts, standardize its officer corps, and enhance its WMD response capability, we are requesting funding in FY 2005 should Malta's Article 98 status change.

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 will also provide Malta with Nonproliferation, Anti-Terrorism, Demining, and Related Programs (NADR)-funded training and equipment in FY 2005. NADR Export Control and Related Border Security (EXBS) Assistance will help Malta establish fully effective trans-shipment controls by strengthening its enforcement capabilities through training the provision of equipment. Training will focus on targeting and identification of dual-use and WMD-related commodities, as well as cargo vessel inspection. In previous years, NADR assistance helped to purchase a patrol boat and a non-intrusive inspection device: the mobile Vehicle and Cargo Inspection System (VACIS). FY 2005 NADR funding will also provide first-responder equipment and training to help Malta respond to a WMD-related event.

Moldova
(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
FMF	1,000	990	800
FSA	30,242	21,898	17,500
IMET	988	1,000	900
NADR-EXBS	975	640	495
Peace Corps	1,996	2,168	2,795

Already the poorest country in Europe, Moldova is constrained from developing its economy, since many of its industrial assets are under the control of the self-proclaimed Transnistrian state. The secessionist Transnistrian region within Moldova remains a great obstacle also to regional security, and the United States has a national interest in seeing this conflict resolved in a way that protects Moldova's sovereignty and helps ensure stability in a region that includes the Balkans. The lack of border controls along the Transnistria-Ukraine border also threatens the broader region as it 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 had made significant reform advances.

In 2003, the Government of Moldova declared that integration into the European Union (EU) was the country's strategic priority, which potentially can be a powerful motivator to reinvigorate reform. By including Moldova in its New Neighbor Process, the EU has signaled a willingness to increase its assistance levels to Moldova, if Moldova moves closer to the EU's democracy and market standards. Moldova has been a strong supporter of the Global War on Terror, Operation Enduring Freedom, and Operation Iraqi Freedom, granting the United States overflight rights and basing rights, as well as sending a troop contingent to support Coalition forces.

U.S. assistance to Moldova is designed to strengthen its territorial integrity and security; prevent the proliferation of weapons and related expertise; combat transnational crime; support market-based economic reform; strengthen civil society and democracy; and avert humanitarian crises. In FY 2005, the United States plans to continue a range of security-related programs to improve Moldova's military capabilities and promote U.S. nonproliferation goals. In the area of law enforcement, the United States will seek to support Moldovan efforts to combat narcotics, trafficking in persons, money laundering, and corruption by providing training courses, equipment and legislative drafting support. The United States will continue to support post-privatization programs in the agricultural sector, as well as the development of independent regulatory bodies, the creation of jobs in rural areas, and local community empowerment. FREEDOM Support Act (FSA) programs will also promote Moldova's integration into the regional political and economic structures of Southeastern Europe and Moldova's participation in the GUUAM Group, a Eurasian corridor regional organization that includes Georgia, Ukraine, Uzbekistan, Azerbaijan and Moldova.

Until recently, Moldova generally outpaced its former Soviet neighbors in terms of economic reform efforts, democratic development and human rights observance, thereby providing a positive example for the region. Following its victory in the spring 2001 parliamentary and presidential elections, the Communist Party's rhetoric and actions had drawn into question its commitment to reform. However, the Moldovan President's declaration in 2003 of his intention to lead Moldova towards EU integration, and the Government's subsequent adoption of a strategic document outlining the steps forward may be a sign that political and economic reform may get back on track in Moldova.

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 2002, after a decade of decline. Despite a poor harvest due to unusually poor weather, in 2003 the Government resisted calls to intervene in the agricultural market and has instead let the market resolve the shortfall. Our highest priority for FSA-funded assistance in FY 2005 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-funded assistance will also continue to contribute to growth and profitability of small and medium-sized enterprises (SMEs) by facilitating their access to market business skills, information, and finance and by supporting technological advancements focused on the agricultural sector and selling to export markets. FSA funds will also help promote foreign direct investment by leveraging private investment with public funds through the U.S. Government-funded Western NIS Enterprise Fund (WNISEF).

The United States will continue to provide targeted, FSA-funded humanitarian assistance including pharmaceuticals, medical supplies, vaccine supplies, food and clothing for those most in need. In addition, the United States will provide continued FSA-funded assistance to support health care reform, including health partnerships, hospital assistance, and tuberculosis and women's health/family planning activities.

FSA-funded programs will promote accountability by local officials while empowering citizens and community groups through integrated micro-lending and training programs to help bolster employment and produce tangible improvements in living conditions. The United States will also continue to support open access to information and the non-governmental sector. This will strengthen civil society, local democracy, and grassroots political activism, and will serve to democratize over time the essentially oligarchic political parties that make up Moldova's political system.

Organized crime in the Eurasian region presents a direct and growing threat to Moldovan prospects for stability, and thus to the U.S. national security interests in the stabilization and reform of the East European region as a whole. Moldova has become a primary source of persons being trafficked to other European states for illicit purposes. However, at this time, Moldovan law enforcement agencies are ill-prepared to deal with the problem. FY 2005 FSA-funded programs will provide training, technical assistance and equipment to enhance Moldovan law enforcement agencies' capabilities to investigate and prosecute organized criminal activity as well as cases of corruption, a major corrosive force to Moldova's successful economic reforms. FY 2005 funding will also support the continuation of a project to raise awareness among Moldovan citizens, media, and government and law enforcement officials of the problem of trafficking in persons. FY 2005 funding will also support the implementation of the new criminal code enacted in 2002.

Funding from the Nonproliferation, Anti-Terrorism, Demining, and Related Programs (NADR) account supports activities to prevent the proliferation of weapons of mass destruction (WMD), conventional arms and related materials and technologies in Moldova. The NADR-funded Export Control and Related Border Security (EXBS) Assistance Program 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 strengthening its export regulations, and licensing procedures and practices with a particular emphasis on vetting and tracking end-users of nuclear and radiological source items. It will also provide enforcement training, detection, interdiction and automation equipment, infrastructure support, and advisory assistance through a resident export control assistance program advisor. The EXBS Program will continue to provide equipment, including vehicles, computers, night-vision goggles, and ground sensors for Moldova's Border Guards and Customs Service. A significant portion of this equipment

will be used for monitoring the secessionist region of Transnistria, with a focus on the potential transit of munitions, radiological devices, and contraband. The U.S. Embassy in Chisinau, in coordination with the Moldovan Department of Civil Defense, also will help Moldova create and sustain a first-responder unit for WMD incidents.

In 2003, Moldova signaled its intent to join the Science and Technology Center in Ukraine (STCU), which would greatly facilitate efforts to help prevent the proliferation of weapons expertise. The STCU is a multinational organization that helps former weapons scientists transition to non-military employment. FSA funding provided through the Civilian Research and Development Foundation (CRDF) is currently the only vehicle for engaging former Moldovan weapons scientists, and it has been actively utilized.

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. FMF will provide the peacekeeping battalion with communication equipment, tactical vehicles, and individual soldier equipment. Moldova has engaged in an extensive defense and 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 to it. IMET-funded activities will focus on training peacekeepers in English language, thereby promoting interoperability. In addition, Moldova has developed a robust state partnership program with the North Carolina National Guard.

In FY 2005, Moldova 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 Moldova in meeting its defense requirements and furthering its NATO interoperability.

Poland
(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
FMF	12,900	20,000	66,000
FMF-SUP	15,000	-	-
IMET	2,172	2,000	2,000
NADR-EXBS	500	-	-

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 the North Atlantic Treaty Organization (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 in successfully transitioning to a free-market democracy with neighboring countries.

Poland is a graduate of Support for East European Democracy (SEED) assistance, demonstrating that it can sustain the reforms necessary for its transition to a free-market economy and democratic institutions without significant economic assistance from the United States.

Poland is a willing and able ally that contributes significantly to UN and NATO peacekeeping missions, as well as Operation Enduring Freedom (OEF). Poland has taken a strong leadership role in Iraq, commanding a multinational division and committing substantial forces to Operation Iraqi Freedom (OIF). Poland recognizes the need further to improve its military capabilities and continues to increase its defense spending in real terms, despite constrained budget resources and growing demands for increased social spending. Poland coordinates its military modernization and restructuring closely with NATO to ensure that its efforts mesh with Alliance goals.

The Poles have embarked upon a serious multi-year military modernization, focusing limited resources on ensuring that the one-third of their forces designated for NATO missions are fully interoperable with NATO by 2006.

Foreign Military Financing (FMF) and International Military Education and Training (IMET) programs are an important way for the United States to show support for these efforts and directly contribute to them. FMF, particularly, is important as it focuses on increasing Poland's support capability to deploy or receive forces.

For FY 2005, FMF will be used to refurbish six C-130 aircraft, which would give the Poles an indigenous heavy-airlift capability for the first time. This capability would increase Poland's ability to participate in Alliance and coalition out-of-area operations, and would help relieve demands on U.S. heavy airlift. FMF will also support sustainment and upgrading Polish tactical and strategic communications, as well as establishing a Nuclear, Biological and Chemical (NBC) defense capability, including an NBC Training Center, Rapid Reaction Response Team and Equipment, as well as other priorities.

IMET funds complement our FMF by supporting the larger goals of NATO integration and defense reform by providing access to U.S. military doctrine, tactics and leadership for Polish officers and enlisted personnel.

In FY 2005, Poland will be eligible to receive grants of Excess Defense Articles (EDA) under Section 516 of the Foreign Assistance Act. The transfer of EDA will assist Poland in meeting its defense requirements, enacting defense reforms, and furthering its NATO and Western interoperability.

Given the significant progress that Poland has made toward establishing an effective export control system, there is no specific request for Nonproliferation, Anti-Terrorism, Demining, and Related Programs (NADR) Export Control and Related Border Security (EXBS) assistance for Poland in FY 2005. However, Polish participation in regional export control events will be funded using regional NADR-EXBS funds, and EXBS program advisors stationed in-country will continue to work with Polish officials to implement programs with prior-year funds and will continue to engage their Polish counterparts on an ad hoc basis.

Portugal
(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
IMET	850	850	850

Portugal's continued participation in both the North Atlantic Treaty Organization (NATO) and other international peacekeeping operations directly benefits U.S. security goals. The United States also seeks to maintain strong cooperation at Portugal's strategic Lajes Air Base in the Azores 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 is a founding member of NATO and a member of the European Union (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 Lajes Air Base, which served as a staging point for the U.S. during NATO's military operations in Kosovo and Operations Desert Storm and Desert Fox. Lajes supports ongoing U.S. operations in Afghanistan and Iraq. Portugal also contributes troops to the Stabilization Force in Bosnia and Herzegovina (SFOR) and the Kosovo Force (KFOR), has contributed assets to Operation Enduring Freedom, works closely with the United States on United Nations security issues, and has over 120 gendarmes in Iraq performing security functions with the Coalition Forces.

The International Military Education and Training (IMET) Program continues to be an essential component of the Portuguese military's force modernization program, its internal reorganization of service and joint headquarters staffing, as well as the overall professional military education of Portugal's armed forces. FY 2005 IMET funding for Portugal will continue to be a significant asset in the modernization effort, intended to strengthen Portugal's ability to play an active role in collective defense organization and international peacekeeping efforts, e.g., in Iraq, Afghanistan, 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. These systems include F-16, C-130, P-3 and potentially H-60 Blackhawk helicopters; precision weapons such as the Advanced Medium-Range, Air-to-Air Missile (AMRAAM) and Joint Direct Attack Munition (JDAM); and potentially light armored vehicles.

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 readiness efforts and enable Portugal to participate in international peacekeeping, although in recent years it has been difficult to identify articles under the EDA program that meet Portugal's requirements.

Romania
(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
FMF	9,900	8,950	11,000
FMF-SUP	15,000	-	-
IMET	1,651	1,500	1,500
NADR-EXBS	560	495	750
NADR-SALW	307	-	-
Peace Corps	3,653	2,826	3,534
SEED	30,500	27,835	27,000

Romania has made substantial progress in recent years in developing its democratic orientation, a stronger economy, respect for human rights, and positive relations with its neighbors. Its continued success in these areas is in the economic and strategic interest of the United States. With its strategic location and status as the largest, most populous country in its region, Romania is contributing to stability to Southeast Europe and beyond. It has been invited to join the North Atlantic Treaty Organization (NATO) and is expected to become a member in May 2004. Romania is already actively supporting the United States and NATO, through substantial, active participation in the allied military presence in Bosnia and Kosovo, as well as in Operation Enduring Freedom and the International Security Assistance Force (ISAF) in Afghanistan. Romania has also offered its territory and facilities for possible use by the United States to meet new military basing needs. Romania aims to join the European Union in 2007 and seeks full integration into the West. Despite these positive developments, however, Romania's reforms are not yet fully consolidated. Continued U.S. assistance can help make the difference by enabling Romania to complete its transition successfully.

U.S. assistance to Romania plays an important role in supporting market-based reforms, promoting participatory democracy, strengthening civil society, and relieving human suffering. It also helps Romania to strengthen its anti-corruption activities across all sectors.

Support for East European Democracy Act (SEED) assistance will help to expand a market-based private sector and improve the quality of life for people in Romania. This will be done through training and technical assistance to improve government policies and the legal and regulatory frameworks necessary for continued expansion of a market economy. The United States will seek to strengthen the institutional capacity of the government and private sector, enhance private sector competitiveness and improve the process for privatizing state-owned assets. The principal areas of focus for U.S. efforts will be agriculture, energy, the environment, financial and capital markets, and small and medium-sized enterprises (SMEs).

The United States will seek to promote its objectives in the area of democratization and civil society at the local level through training and technical assistance. USAID will concentrate its SEED-funded efforts especially on increasing the institutional capacity of local governments and civil society organizations countrywide. USAID will also work with the central government to promote the necessary legislative changes for Romania to achieve more extensive decentralization. The rule of law will also be strengthened at the local level through technical assistance to local public institutions and civil society organizations.

SEED funds will help advance child welfare, health care, and social assistance reform – all areas where Romania still is seriously behind. USAID will continue to focus its activities on shutting down the large, state-run institutions to house children, reducing the number of institutionalized children, promoting

community-based alternatives for such children, integrating reproductive health services into primary care, and promoting modern contraception and HIV/AIDS prevention.

The Bucharest-based Southeastern Europe Cooperative Initiative's (SECI) Anti-Crime Center, which coordinates regional criminal task forces working to counter human trafficking, smuggling, and the drug trade, will continue to receive SEED funding. With financial and other support from the Romanian Government, the SECI Anti-Crime Center has achieved a number of successes in the fight against trans-border crime. In FY 2005, expanded anti-trafficking-in-persons programs in Romania will also be supported with SEED funds.

In the security-related sphere, with Romania due to become a member of NATO in 2004, the United States plans to conduct programs to help the country enhance its military capabilities, in part by making its armed forces more NATO-compatible. In FY 2005, the United States will also work with Romania to prevent trafficking in persons and narcotics, and the movement of other contraband across the country's borders.

With by far the largest armed forces of the countries expected to join NATO in 2004, Romania is militarily significant, and has been very supportive of U.S. and NATO objectives in Southeast Europe, Afghanistan, and Iraq, providing troops in all three areas. In accordance with its NATO Military Action Plan (MAP) and under the Foreign Military Financing Program (FMF) and the International Military Education and Training Program (IMET), the United States will provide the Romanian military with needed defense articles, services, and training. FMF funding will be directed toward communications infrastructure enhancement and equipment, defense reform contractor services, simulation, English language training, and non-commissioned officer (NCO) training. Improvements in these areas will strengthen Romania's capabilities and effectiveness within the multi-national Southeast European Brigade (SEEBRIG). FMF funds will also support the Ministry of Defense in its efforts to downsize the Romanian military and improve NATO interoperability.

The Romanian Government seeks the inclusion of as many officers as possible in U.S. military training and to ensure appropriate follow-on assignments for graduates of those programs. In FY 2005, the IMET Program will continue to provide Western-oriented, professional military education to the most promising younger Romanian officers. It will also expose both military and Ministry of Defense civilian personnel to courses in areas such as defense resource management and civil-military relations.

In FY 2005, Romania will be eligible to receive grant Excess Defense Articles (EDA) under section 516 of the Foreign Assistance Act (FAA). The transfer of materiel to Romania under grant EDA will help it meet its defense requirements, institute defense reforms, and further its NATO interoperability.

Romania and the United States are cooperating closely on improving Romania's export controls. Despite the significant progress achieved thus far in developing a system to control the export of sensitive goods and technologies, room for additional progress still exists. 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 Nonproliferation, Anti-Terrorism, Demining, and Related Programs (NADR) Export Control and Related Border Security (EXBS) assistance for a cooperative program to help establish a fully effective export control system in Romania. NADR funding will provide export control enforcement assistance in FY 2005, including advanced training for specialized inspection teams and a product identification tool consisting of software to assist officials to identify dual-use items at border crossings.

Russia
(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
CSH	3,000	3,000	3,000
FSA	143,307	93,445	79,500
IMET	777	800	800
NADR-EXBS	2,500	2,800	2,800
P.L. 480 Title II	5,536	5,119	-
Peace Corps	888	-	-

The United States has an overriding interest in cooperating with Russia on critical national security issues. The United States works with Russia to reduce threats posed by weapons of mass destruction (WMD) through arms control, threat reduction efforts, and nonproliferation activities. Russia has been a strong supporter in the Global War on Terrorism, offering key political support, granting the United States overflight rights and sharing intelligence. Given Russia's strategic importance, the United States has a compelling national interest in seeing Russia complete a successful transition to market-based democracy. The United States advances this interest by supporting civil society, the independent media, entrepreneurs, and local governments in their efforts to implement democratic and economic reform. FREEDOM Support Act (FSA)-funded programs support Russia's transformation into a market-based democracy fully integrated into the mainstream of world political and economic relations.

Events during 2003, such as the Russian Government's asserting of control over formerly independent television news stations, manipulation of the election process, continuing violence, human rights abuses and political pressure in Chechnya, seemingly selective criminal prosecutions possibly based on political motivations, and the Kremlin's ever-growing control over local and regional government, have called into question the depth of Russia's commitment to develop meaningful democratic institutions. In FY 2005, we will give even greater emphasis to programs to support the growth of democratic institutions, such as a truly independent media, a vibrant non-governmental organization (NGO) sector capable of advocating its views, and rationally funded and accountable local governance system. We will also continue to support institutions that promote human rights and other sensitive issues for which it will be hard to find indigenous financial support.

FSA-funded programs will continue to support the partnerships already in place with civil society groups and reform-minded Russian officials in Tomsk, Samara and the Russian Far East developed under the aegis of the Regional Initiative. In FY 2005, we will emphasize dissemination of the Regional Initiative experience to other regions.

U.S. assistance programs funded under the FSA account have contributed to important legislative reforms that improve the business environment, particularly on tax and regulatory reform, often through support for the work of think tanks and provision of technical assistance to inform key policy decisions. U.S. assistance will continue to focus on the development of small and medium-sized enterprises (SMEs). Although Russia's investment policies need significant improvement, opportunities already exist for U.S. exporters and investors in the vast Russian market. Given the growing sophistication of Russian companies, and increased penetration by U.S. firms of Russian markets, FY 2005 will be the final year of FSA funding for the U.S. Commerce Department's Business Information Service for the Newly Independent States (BISNIS).

Russia's growing problems in the field of public health are a threat to U.S. national security. Russia has one of the fastest rates of increase in HIV infection in the world. FY 2005 FSA funds will focus on prevention and treatment of HIV/AIDS in Russia. U.S. programs to arrest the spread of HIV/AIDS also help address the spread of multi-drug-resistant strains of tuberculosis and will help prevent mother-to-child transmission of HIV/AIDS.

In 2003, the Administration developed a strategy to phase out FSA-funded assistance to Russia over the next several years. Consistent with this strategy, FSA-funded programs in FY 2005 will emphasize support to Russian organizations and institutions to insure that the gains made through FSA-funded programs are integrated into Russian society and governmental structures well beyond the phase-down of U.S. assistance.

The United States provides 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. The United States will continue to provide security and nonproliferation assistance under the FSA and Nonproliferation, Anti-Terrorism, Demining, and Related Programs (NADR) accounts. The State Department will continue to fund research grants in nuclear materials, aerospace, chemical, biological, seismic and other fields through the International Science and Research Center (ISTC) in Moscow to help former weapons scientists transition to sustainable commercial activities. Key emphases of the program are shared research priorities (notably infectious human and animal diseases like HIV/AIDS) and business training to help institutes better serve governmental and private consumers. The U.S. Civilian Research and Development Foundation (CRDF) will continue to leverage FSA grant assistance with Russian Government and international non-governmental matching funds.

The United States will continue to provide assistance to enhance Russian controls on transfers of sensitive materials and technologies under the NADR and FSA accounts for industry/government outreach programs to educate Russian companies about the requirements of Russian export control laws. The United States will also continue to equip key transit points with radiation detection equipment to deter, detect and interdict illicit nuclear transfers. An Export Control and Related Border Security (EXBS) Assistance Program advisor will help facilitate security assistance to Russia. The EXBS Program will continue to sponsor joint regional training programs on border searches, WMD and immigration procedures, counter-proliferation awareness courses, and international border interdiction training for border security officials.

Through the International Military Education and Training (IMET) Program, the United States will continue to promote interoperability, resource management and increased capability of civil-military operations by providing English language instruction, professional military education, and military legal and peacekeeping instruction for Russian military and officials of the Ministry of Defense.

Russia is eligible to receive grant Excess Defense Articles (EDA) under Section 516 of the Foreign Assistance Act. Provision of grant EDA will assist Russia in meeting defense requirements, enacting defense reforms and furthering interoperability.

Russian organized crime groups operate across Russia, Eurasia, and in other European states, and carry out criminal activities in the United States and elsewhere. Russian authorities recognize the threat to their society and economy presented by such organized crime, and they have turned to the United States and other Western partners for assistance in addressing that threat. Russian officials are also increasingly aware of the specific challenges posed by the growing narcotics trafficking out of Afghanistan, which crosses both the Central Asian region and Russia, is contributing to growing drug addiction and HIV/AIDS infection rates in Russia, and which is providing a means of financing terrorist activities. In FY 2005, FSA-funded programs will continue to address criminal procedure reforms, criminal violation of intellectual property rights, corruption, cyber crime, trafficking in persons, money laundering and terrorist financing, narcotics

smuggling and other transnational criminal activities, and implementation of the U.S.-Russia Mutual Legal Assistance Treaty.

Slovakia
(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
FMF	8,000	7,950	6,000
FMF-SUP	6,500	-	-
IMET	920	950	950
NADR-EXBS	700	305	550

Slovakia is expected to gain full European Union (EU) and North Atlantic Treaty Organization (NATO) membership in 2004. The Slovaks have acted as a de facto ally of NATO and the United States, contributing units to the Kosovo Force (KFOR), the Stabilization Force in Bosnia and Herzegovina (SFOR) and Operation Enduring Freedom (OEF), as well as a military engineering unit in Operation Iraqi Freedom (OIF). The United States has a strong interest in helping Slovakia improve its military capabilities and NATO interoperability and is encouraging Slovakia's initiatives to share its experience in democracy building and civil society development with other countries in transition.

Given its continued progress in democratic and economic reform, Slovakia has graduated from Support for East European Democracy (SEED) assistance, and modest regional SEED funding is being discontinued in FY 2004. This includes the Democracy Commission Small Grants Program, the Partners for Financial Stability (PFS) Program and regionally based Treasury Department technical advisors.

The Slovaks have embarked upon a serious, multi-year military modernization plan, which was broadly influenced by recommendations from a U.S.-funded defense study. FY 2005 Foreign Military Financing (FMF) and International Military Education and Training (IMET) programs will assist Slovakia in its effort to create a modern, capable force that can ensure national defense, contribute to NATO operations, and enhance regional stability. Slovakia's importance to NATO was shown during the Kosovo and Afghanistan conflicts, when the Slovak Government immediately granted crucial overflight and transit rights. In addition, Slovakia deployed 100 troops to KFOR and two transport helicopters to SFOR. The contribution of military engineering units to OIF and OEF further demonstrate the Slovak Government's commitment to support both NATO goals and the United States in the global war on terrorism.

FMF and IMET programs are a crucial way for the United States to show support for Slovakia's efforts and directly contribute to them. For FY 2005, the requested FMF and IMET funds will support a variety of programs focusing on defense reform and development of niche capabilities. This will assist the Slovaks in meeting their goal of force modernization, ensure their NATO interoperability, and enable continued Slovak assistance in the war on terrorism. Specific FMF projects include the following: a National Military Command Center (NMCC); nuclear, chemical and biological consequence management capability; search and rescue capability (including the provision of night-vision equipment); and a national maneuver training area. IMET assistance will be focused on officer and non-commissioned officer (NCO) training in areas such as professional military education (including English language instruction), managerial training, and technical training.

In FY 2005, Slovakia will be eligible to receive grant Excess Defense Articles (EDA) under Section 516 of the Foreign Assistance Act. The transfer of EDA will assist Slovakia in meeting its defense requirements, and furthering its interoperability.

As part of its efforts to prevent the proliferation of weapons of mass destruction, their delivery systems, and other weapons, the United States is providing Nonproliferation, Anti-Terrorism, Demining, and Related

Programs (NADR) Export Control and Related Border Security Assistance (EXBS) funds to assist Slovakia in continuing to strengthen its export control system. This is particularly important in light of the fact that Slovakia will become part of the EU's eastern Schengen border with Ukraine. Previous EXBS program funding provided a grant to a local non-governmental organization (NGO) that conducted a study on Slovakia's export control system and arms trade. The study identified some continued weaknesses and promoted public interest and transparency. FY 2005 NADR-EXBS funds will provide continued funding for the deployment of the internal controls program to enhance export control compliance by industry, tools for enforcement officials to assist them in identifying strategic items, and funds for a program advisor stationed at the U.S. Embassy in Bratislava, who will work with Slovak officials to implement EXBS programs.

Slovenia
(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
FMF	4,000	2,485	2,000
IMET	935	950	950
NADR-EXBS	500	365	495

Slovenia is scheduled to gain to full European Union (EU) and North Atlantic Treaty Organization (NATO) membership in FY 2004. In this context, 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 integration into and participation in Western institutions such as NATO and the EU could be a force for peace, especially given Slovenia's cultural, historical, social and political ties with the states that constituted the former Yugoslavia.

The primary objectives of U.S. military assistance in Slovenia are to promote modernization and reform of Slovenia's military and to assist the country in implementing its NATO Membership Action Plan 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. FMF assistance is also used to support programs such as defense reform and continued implementation of Membership, Partnership, and Individual Country Action Plan goals. This may include communications equipment, air defense radar, tactical vehicles, support for previous Excess Defense Article (EDA) transfers, and nuclear, biological, and chemical (NBC) equipment.

Left virtually without military equipment, infrastructure, or organization after its ten-day war for independence in 1991, Slovenia has striven to model its armed forces after those of the United States and other NATO Allies. Although Slovenia's sound economic situation has enabled it to fund a larger proportion of its defense reform needs, U.S. assistance continues to play a critical role. The Ministry of Defense (MOD) has used prior-year FMF grant money to increase Slovenia's interoperability by purchasing English language training, computer simulation center hardware and software, and small-unit infantry training equipment. Top priorities for Slovenia's FY 2005 FMF funds are to improve the Slovenian Armed Forces' (SAF) immediate combat readiness while promoting the objective of restructuring Slovenian military forces to NATO standards by 2010. FMF funds will also help to assess and establish a plan for streamlining logistics in the SAF, enhance basic infrastructure and needs for an NBC unit, continue efforts under the Regional Airspace Initiative, and work to enhance the SAF's command and control communications system by providing limited information-sharing and -collection infrastructure.

In FY 2005, Slovenia will be eligible to receive grant Excess Defense Articles (EDA) under section 516 of the Foreign Assistance Act. EDA will help Slovenia to meet its defense requirements and further NATO interoperability.

Through International Military Education and Training (IMET), the United States strives to integrate partner militaries into NATO structures, as a long-term guarantor of peace and stability. This will require expanded English-language training as well as greater exposure to education, rule of law, civil-military control and human rights. Slovenia's objectives in this area will be met through IMET programs that strengthen the professionalism and leadership skills of Slovenia's military and civilian personnel and help improve the technical and managerial skills of the Ministry of Defense (MOD). This will assist the MOD in making procurements for its military that benefit Slovenia's defense structure and contribute to regional

stability. IMET will also promote FMF-purchased equipment and training that improve interoperability and standardization of Slovenian forces with U.S. and other NATO forces.

FY 2005 IMET funding will assist development of a well-balanced force that is trained and combat capable at all levels of leadership and grounded in the rule of law, civilian control of the armed forces and support for human rights. IMET will also strengthen Slovenia's MOD in the areas of policy planning and English language capability. Slovenia intends to continue to focus on non-commissioned officer (NCO) training and on applying to senior and mid-level U.S. military schools.

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 Nonproliferation, Anti-Terrorism, Demining, and Related Program (NADR) Export Control and Related Border Security (EXBS) assistance funds for a cooperative program to help Slovenia establish fully effective export controls over sensitive items. FY 2005 NADR-EXBS funding will be focused on improving licensing, enforcement, and industry outreach procedures and capabilities through the regional nonproliferation advisors. NADR-EXBS assistance will also be provided to fund an annual regional conference to help states implement prior-year funds and continue engagement on an ad hoc basis.

Tajikistan
(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
FMF	-	695	700
FSA	25,853	24,411	25,000
IMET	339	400	350
NADR-EXBS	350	300	300
P.L. 480 Title II	9,994	6,660	10,000

Tajikistan, a front-line state, shares a porous border with Afghanistan that gives it special importance in the region in terms of interdicting terrorists and illegal narcotics. This small nation faces daunting challenges: its democratic institutions are underdeveloped and fragile and its economy remains crippled from the effects of its 1992-97 civil war. Tajikistan has supported the Global War on Terror, Operation Enduring Freedom (OEF) and Operation Iraqi Freedom (OIF) unreservedly from the beginning, and continues to do so.

U.S. assistance seeks to enhance Tajikistan's territorial integrity and security, prevent the flow of narcotics, illicit weapons, and persons of concern, foster democratic and economic reforms and address dire humanitarian needs. A stable, peaceful Tajikistan will help prevent the spread of radical groups and terrorists, and increase the potential for development in the region.

FREEDOM Support Act (FSA)-funded economic assistance includes a quality primary health care program that is working with the Ministry of Health to create a more cost-effective and equitable health care system. The effort to institute a family doctor system based on the successful Kyrgyz Republic model will continue in FY 2005. Infectious disease programs will continue to focus on fighting tuberculosis and malaria.

U.S.-supported economic development programs will help to improve economics and business education, and to institute accounting reform. A small and medium-sized enterprise (SME) program will seek to alleviate poverty through expanded business opportunities and employment creation, with a continuing focus on the volatile Ferghana Valley region. In this heavily agricultural country, U.S. technical assistance will also help specialists to better manage water and energy resources and to repair irrigation systems and improve on-farm water management practices.

FSA-funded democracy assistance will continue to support the development of civil society in Tajikistan by strengthening political parties and providing 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 independent media, work with the parliament to increase its effectiveness and responsiveness to citizen interests, and support legal education and associations.

A basic education program, begun in FY 2003, will help counteract the decline in primary and secondary education, and better equip students with civic and labor force skills. The program will train teachers in more interactive teaching methods, focused on integrating critical thinking skills into curricula and teaching materials. Other program goals include increasing parent and community involvement in schools, strengthening the capacity of school administrators, and improving school infrastructure.

Trafficking in persons is a serious problem in Tajikistan. A prevention program will inform the public about the risks and dangers associated with human trafficking through public service announcements, brochures, talk shows, radio call-in programs, and a mobile theater group.

Tajikistan has committed to cooperating with the United States on countering terrorism, the proliferation of weapons of mass destruction (WMD), weapons technology and other illicit arms and drug trafficking. In FY 2005, the United States intends to continue Export Control and Related Border Security (EXBS) Assistance funded under the FSA and Nonproliferation, Anti-Terrorism, Demining, and Related Programs (NADR) accounts. The EXBS Program will address all aspects of Tajikistan's export control system to prevent, deter, detect, investigate and interdict weapons proliferation, with a focus on institutionalizing effective inspection and detection training for border control personnel. Technical workshops on export control enforcement and WMD awareness training will give the Tajik Border Guard and Customs Service a critical knowledge base for dealing with proliferation issues.

Tajikistan's accession to the International Science and Technology Center (ISTC) in early FY 2003 provided an opportunity for non-proliferation experts to begin assessing weapons expertise in the country and develop a strategy for outreach. To date, limited FSA funding has been provided to allow Tajik participation in regional workshops to improve the quality of grant proposals and expose scientists to commercialization opportunities.

Foreign Military Financing (FMF) will enhance Tajikistan's immediate capabilities to combat terrorists in the region, while promoting professionalization of the military and interoperability with U.S. and international forces.

In FY 2005, Tajikistan will be eligible to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Transfer of EDA will assist Tajikistan to meet its defense requirements and further its NATO interoperability.

International Military Education and Training (IMET) funds provided in FY 2005 will be used to continue to expose the Tajik armed forces to Western concepts of democracy, rule of law, and human rights, with the goal of transforming their military from a Soviet-era military to one more appropriate for contemporary threats. IMET will continue to focus on English language training, and promoting interoperability.

A focus on institution-building will continue to characterize U.S. efforts in Tajikistan in the areas of law enforcement and judicial reform, particularly with regard to efforts to enhance the Tajik Government's ability to interdict the flow of illegal narcotics out of neighboring Afghanistan. Previously appropriated FSA funds have been provided to support the continued operation of the Tajik Government's Drug Control Agency (DCA), the provision of training and equipment for Tajik Border Guards to carry out counter-narcotics efforts, and programs to address financial crime and to support the overall development of the law enforcement and judicial institutions of Tajikistan.

FY 2005 FSA funding will support the posting of a U.S. law enforcement advisor at the U.S. Embassy in Dushanbe to better oversee U.S. law enforcement programs in Tajikistan. U.S. law enforcement assistance will increase in FY 2005 to ensure continued support for the new Tajik DCA, to support counter-narcotics cooperation between such Tajik law enforcement agencies and the U.S. Drug Enforcement Administration, to expand law enforcement development programs to improve the very poor state of Tajik law enforcement agencies equipment, training and practices, to continue border security improvements, to continue reform activities involving the judicial sector and the prosecutor's office, and to address terrorist financing and money laundering.

In FY 2005, FSA-funded humanitarian assistance to Tajikistan will target the most vulnerable members of society through the delivery of medicines, medical supplies, food and clothing.

Turkey
(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
ESF	-	99,410	50,000
ESF-SUP	1,000,000	-	-
FMF	17,350	40,000	34,000
IMET	2,800	5,000	4,000
NADR-EXBS	600	600	600

Turkey is a major coalition partner in the global war on terrorism, an active ally and partner in the reconstruction of Iraq and Afghanistan, and a pro-Western democracy in a troubled region. The tragic terrorist bombings in Istanbul in November 2003 further strengthened Turkey's resolve to participate with the United States in the struggle against international terrorism. Strategically located between Europe and the Middle East, Turkey is a key North Atlantic Treaty Organization (NATO) ally and continues to demonstrate strong support for Operation Enduring Freedom (OEF) and the International Security Assistance Force (ISAF) in Afghanistan and Operation Iraqi Freedom. In Afghanistan, Turkey quickly responded to the U.S. request for additional helicopters for ISAF, and former Turkish Foreign Minister Hikmet Cetin has assumed responsibilities as NATO's Senior Civilian Representative. Turkey also has allowed critical U.S. humanitarian shipments to pass to Iraq and is also supplying much-needed electricity. In addition, Turkey has granted the U.S. blanket overflight rights and use of its key airbase Incirlik. It offered stability forces in response to U.S. requests, but agreed to suspend the offer in the face of the Iraqi reaction. U.S. bases and other facilities on Turkish territory are important elements in the ability of the United States to maintain the security of the region and of its regional allies.

Turkey's major support comes despite its fragile economy, tight fiscal restrictions, and, regarding Iraq, a reluctant public. FY 2005 Economic Support Funds (ESF) will help Turkey to consolidate the economic gains it has achieved in 2003, through compliance with an International Monetary Fund (IMF)-backed reform program, and will enable Turkey to expand its efforts in Afghanistan and the global war on terrorism. The terrorist bombings in Istanbul highlight the fragility of Turkey's progress. This fragility is compounded by Turkey's substantial debt-servicing requirements, as it struggles to implement an ambitious reform program. Balance of payments support will help Turkey meet urgent financing needs, contribute to internal stability, and demonstrate continuing U.S. support.

The Foreign Military Financing (FMF) Program is essential to the U.S. policy of helping Turkey modernize and strengthen its armed forces and to keep them fully compatible with those of other NATO allies. Turkey requires additional U.S. -origin equipment and services to continue its impressive level of support to ISAF, OEF, and the global war on terrorism. FMF-provided equipment and services will also further Turkey's efforts to modernize its armed forces, improve its interoperability with NATO and coalition forces, and to provide vehicles, disaster relief, and search-and-rescue equipment in support of their participation in anti-terrorist, peacekeeping, humanitarian, and other operations.

In FY 2005, Turkey will be eligible to receive grants of Excess Defense Articles (EDA) under Section 516 of the Foreign Assistance Act. The transfer of EDA will assist Turkey in meeting its defense requirements and further NATO interoperability.

The International Military Education and Training (IMET) Program continues to achieve great success as regional instability, increasing NATO demands, and international terrorism dictate the need for a well-trained, U.S.-oriented Turkish officer corps. IMET is the most effective mechanism to provide Turkish

officers with the professional skills (including English language capabilities) and outlook that will solidify Turkey's growing value to the United States as a trusted ally.

As part of its continued efforts to prevent the proliferation of weapons of mass destruction, their delivery systems, related technologies, and other weapons, the United States is providing Nonproliferation, Anti-Terrorism, Demining, and Related Programs (NADR) Export Control and Related Border Security (EXBS) Assistance funds for a cooperative program to help establish a fully effective export control system in Turkey. FY 2005 NADR-EXBS funding will provide training for export control enforcement officers at the border for detection, targeting, and inspection techniques and the upgrade and expansion of Turkey's radiation detection program.

Turkmenistan
(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
FMF	690	695	700
FSA	7,805	5,700	6,000
IMET	216	450	450
NADR-EXBS	50	-	-
Peace Corps	1,609	1,742	2,125

The United States has strategic and economic interests in helping Turkmenistan achieve political stability, independence, and integration into the global economy. Turkmenistan, which shares a long border with Afghanistan, has been the second largest conduit for international aid into Afghanistan. The closed, intolerant nature of the Niyazov regime, however, complicates all interactions with Turkmenistan. Turkmenistan has the world's fourth largest gas reserves and significant oil reserves. U.S. assistance to Turkmenistan seeks to enhance its long-term stability and to promote security cooperation that is in the interests of both countries, while attempting to strengthen civil society and improve health care. Turkmenistan's government is not currently receptive to democratic or economic reform, or to many types of law enforcement assistance.

In 2003, the Turkmen Government took steps to criminalize the activities of unregistered non-governmental organizations (NGOs). It is now even more important that the United States remain engaged in areas where we share common interests, continue programs that provide tangible improvements to the lives of ordinary citizens, and work toward projects that address significant U.S. interests, including efforts to cut off proceeds from illicit activities, such as narcotics trafficking, that may be financing terrorist activities. FY 2005 FSA-funded programs will improve primary health care, and reach out to the next generation of Turkmenistan's leaders.

FREEDOM Support Act (FSA) funded social sector programs focus on improving health care, controlling tuberculosis and other infectious diseases, preventing the spread of HIV/AIDS, and improving maternal and child health services. Over 200 health care professionals have completed training. The Stop Diarrhea campaign in two districts resulted in a 40% increase in families' knowledge of the hydration and dietary requirements for children suffering from diarrhea. Such efforts will continue in FY 2005.

Due to the difficult business environment, the U.S. Government has discontinued its micro-credit activities in Turkmenistan. The remaining economic development program will provide technical assistance and training to entrepreneurs, agricultural producers, and self-governing associations. Assistance supports seminars on commercial law to lawyers, law students and entrepreneurs.

President Niyazov's authoritarian rule limits the scope of democracy programs. The United States will continue to support grassroots initiatives and exchange opportunities for the youth of Turkmenistan, with the goal of exposing them to democratic culture and values. This will include continued FSA funding for a scholarship fund for Turkmen students to attend the American University of Central Asia, as well as exchanges administered by the Bureau of Educational and Cultural Affairs.

In FY 2005 the United States intends to continue assistance for Turkmenistan under the FSA in the area of export control and border security, and preventing terrorism and weapons smuggling. It has proven difficult to engage consistently with the Government of Turkmenistan on many matters relating to the reform of law enforcement and the criminal justice sector. The United States has nonetheless sought to move forward

with FSA-funded law enforcement assistance programs where they are possible and serve significant U.S. interests. With an eye to addressing the flow of drugs over the border from Afghanistan into and across Turkmenistan, the United States has initiated assistance in four specific project areas: improvement in Turkmen forensic laboratory capabilities; support for a United Nations Office on Drugs and Crime (UNODC) effort to improve border security along the Turkmen-Afghan border; for an effort to improve border controls along the Turkmen border with Kazakhstan; and support for a project to reduce demand for drugs within Turkmenistan. FSA funds also go to support a project to research and analyze evidence of trafficking in persons (TIP) in Turkmenistan and to develop strategies to address causes of TIP. FY 2005 funding will support continued efforts in the area of counter-narcotics and support opportunities for expanded measures against trafficking in persons.

In FY 2005, FMF will bolster security cooperation in border controls, counterproliferation, and counterterrorism. 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 2005 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 continue to be eligible in FY 2005 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 2003 Actual	FY 2004 Estimate	FY 2005 Request
CSH	1,750	1,750	1,750
FMF	3,000	2,985	6,500
FMF-SUP	1,500	-	-
FSA	138,700	92,589	79,500
IMET	1,698	1,700	1,700
NADR-EXBS	2,000	1,500	1,500
NADR-SALW	-	1,062	1,500
Peace Corps	4,785	4,275	5,408

The United States has a 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. With a population of approximately 50,000,000 and a strategic location between Russia and Central Europe, Ukraine is important for building a secure and undivided Europe. Ukraine also can 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. A strong supporter of Operation Enduring Freedom, Operation Iraqi Freedom, and the Global War on Terror, Ukraine is contributing more than 3,000 peacekeepers to missions in Iraq, the Balkans, the Middle East and Africa. Since November 1999, Ukrainian peacekeepers have been deployed in Kosovo. Ukraine provides one of the largest contingents of soldiers in the Polish-led division of troops of the coalition forces in Iraq.

The FY 2005 request for FREEDOM Support Act (FSA) funding is lower than previous years, reflecting, in part, progress achieved in economic reform in Ukraine. In FY 2004, the Administration will develop a strategy for phasing down FSA assistance to Ukraine that will seek to leave behind a legacy of sustainable institutions that can continue to promote democratic reform and economic growth. In FY 2005, FSA assistance will be used to broaden Ukraine's growing civil society, foster participatory democracy, and buttress the independent media. The media environment in Ukraine continued to deteriorate in 2003 and will most likely face elevated censorship pressure from the government in the run up to the 2004 presidential election. These actions threaten short- and long-term democratic processes in Ukraine. In FY 2005, the United States will therefore focus increased resources on strengthening local non-governmental organizations (NGOs) and independent research institutions that serve as watchdogs over the government's activities and articulate public interests. In addition, funding will continue for legal support and training for independent media. FSA funding will also continue to support the development of and access to the Internet throughout Ukraine and grassroots activism aimed at community empowerment.

Ukraine's long-term political stability is closely linked to its economic prosperity, and especially to the rise of a broad entrepreneurial middle class. In FY 2005, FSA funding will be provided for technical assistance to the Ukrainian Government to assist in the preparation of laws and regulatory codes to establish a market-oriented commercial legal framework. FSA funding also will support the government's efforts to implement economic reforms necessary to build on Ukraine's expected accession to the World Trade Organization (WTO) in 2004. The bulk of FSA-funded economic reform assistance will go to private-sector development. 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. Particular attention will be paid to the development of small and medium-sized enterprises (SMEs), the most likely source of long-term sustained innovation and growth,

and potentially important proponents of government transparency and accountability. A critical mass of privatized enterprises has already been restructured, but the task now is to institutionalize the structural reforms and the privatization in order to permit sustainable economic growth in Ukraine's emerging vibrant private sector. FSA-funded programs will also assist Ukraine in developing the GUUAM Group, a regional Eurasian corridor organization that includes Georgia, Ukraine, Uzbekistan, Azerbaijan and Moldova.

FSA funds will also focus on the agriculture sector, continuing land privatization and support for newly emerging private farms, and on deepening technical assistance to commercial banks for mortgage and long-term lending to help fund farmers' purchases of agricultural equipment. FSA funds also will support further development of agricultural SMEs. U.S. privatization efforts have contributed to an impressive growth in agricultural output three years in a row. However, the bleak harvest of 2003, due to the worst weather Ukraine had seen in 50 years, underscored the need for U.S. assistance to now focus on developing in Ukraine a mature futures market to help farmers manage the volatile swings in commodity prices. In the energy sector, FSA-funded assistance will continue to focus on the development of a competitive wholesale electricity market to improve the sector's performance and make it more compatible with the European network, Ukraine's natural market.

The primary objectives of FSA-funded law enforcement assistance include improvements in Ukrainian law enforcement agencies' capabilities to combat money laundering, enforce intellectual property rights, and improve border security against transnational criminal activities such as narcotics smuggling and trafficking in persons (TIP). FY 2005 funding will support the development of a financial intelligence unit to assist in the detecting suspicious currency transactions in Ukraine. The provision of training and specialized forensic equipment will support the efforts of Ukrainian law enforcement agencies to detect and prosecute criminal violations of intellectual property rights, and, pending the conclusions of an FSA-funded assessment, FY 2005 assistance will also support the creation of a patent, trademark, and copyright claims database for use by Ukrainian agencies. To further support efforts to combat TIP, a TIP Prevention Center will be financed to build community awareness of trafficking issues and TIP investigative techniques will be shared with prosecutors and taught at Ministry of Internal Affairs' training centers. Funding will also support the establishment of a bilateral working group to guide the transition of the paramilitary Ukrainian Border Guards to a civilian police force.

Ukraine's growing problems in the field of public health are a threat to U.S. national security. Ukraine has one of the fastest rates of increase in HIV and tuberculosis infection in the world. Both diseases are at the pre-epidemic breakout levels seen earlier in African countries, which were later devastated by these infectious diseases. FY 2005 FSA funds will focus on prevention and treatment of both HIV/AIDS and tuberculosis with programs calibrated to leveraging funds awarded to Ukraine by the Global Fund to Fight AIDS, Tuberculosis and Malaria. U.S. programs to arrest the spread of HIV/AIDS will also help address the spread of multi-drug-resistant strains of tuberculosis and help prevent mother-to-child transmission of HIV/AIDS.

In FY 2005 both FSA and Nonproliferation, Anti-terrorism, Demining, and Related Programs (NADR) funded assistance activities will continue to reduce the risks of proliferation of weapons of mass destruction (WMD), related materials, and technologies and conventional arms. Assistance will focus on enhanced border controls, mobile response teams, and enhanced communications/cooperation with law enforcement in the area of border control. Internal compliance with export controls will also continue to be a high priority of FY 2005 assistance.

The Export Control and Related Border Security (EXBS) Assistance Program funded under the FSA and NADR accounts is designed 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. In FY 2005, 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 continue to provide assistance to enhance border controls with training, equipment, and advisory assistance through the resident EXBS advisors. This assistance directly complements the U.S. overarching policy to help Ukraine combat corruption and organized crime.

North Atlantic Treaty Organization (NATO)/ Partnership for Peace has identified over 1.5 million small arms/light weapons (SA/LW) and over 133,000 tons of unsafe and unserviceable ammunition. Of all the former Soviet states (aside from Russia) Ukraine was left with the most stocks of SA/LW in excess of defense needs. After repeated attempts to engage the government of Ukraine (GOU) during the last three years, we have received indications that the GOU is interested in the destruction of excess SA/LW. We plan to establish a multi-year project (possibly beginning in FY 2004) that will result in the elimination of Ukraine's excess stocks using NADR SA/LW funding. Other NATO Members likely will contribute to this effort.

The United States continues to engage Ukrainian former weapons scientists by funding grant proposals through the multinational Science & Technology Center of Ukraine (STCU) and the U.S. Civilian Research and Development Foundation (CRDF). The goal of these programs is to fully integrate Ukrainian scientific institutes into the global scientific and business communities, and thereby enable them to move toward self-sustainability. Funding in FY 2005 will therefore focus on projects with commercial potential, or the potential to generate further research grants. In addition, there will be an emphasis on partnership projects between private companies and Ukrainian institutes.

The Department of Energy will continue programs to safeguard nuclear facilities (including nuclear power plants), material, and transportation, a critical U.S. interest, as well as increase Ukraine's energy independence by fostering diversification of its nuclear fuel supply to include the ability to purchase U.S. - produced nuclear fuel. The United States played an important role in helping to fund the closure of the Chernobyl nuclear power plant, which took place in December 2000. In FY 2005, FSA funds will continue to be obligated to the multi-year, multi-national project of building a sarcophagus around Chernobyl, thus enhancing the world's nuclear safety.

Foreign Military Financing (FMF) will support defense reform and enhance command, control, and communications capabilities, enabling Ukrainian forces to operate more effectively alongside U.S., NATO and Coalition forces. International Military Education and Training (IMET) will develop a cadre of Ukrainian mid- and senior-level officers capable of providing English language training to maximize interoperability with Western militaries. The IMET Program will also focus on training a specially designed peacekeeping battalion that can rapidly react to shifting threats, following up Ukraine's provision of forces to the Kosovo Force (KFOR) and Iraq.

In FY 2005 Ukraine will be eligible 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 its NATO interoperability.

As in other Eurasian countries, segments of the Ukrainian population, including the victims of Chernobyl, are in dire need of humanitarian assistance. Humanitarian commodities are provided through U.S. private voluntary organizations (PVOs), private donations or through the U.S. Defense Department's Excess Property Program. FSA-funded humanitarian assistance to Ukraine will continue in FY 2005, targeting the most vulnerable members of society through programs executed by PVOs.

Uzbekistan

(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
FMF	8,600	8,000	12,000
FSA	39,435	35,688	36,000
IMET	1,104	1,350	1,200
NADR-EXBS	1,927	1,200	1,200
Peace Corps	1,871	2,154	2,817

Uzbekistan is a key strategic partner in the Global War on Terror and one of the most influential countries in Central Asia. In support of Operation Iraqi Freedom and Operation Enduring Freedom, it has allowed U.S. and Coalition forces to use a base in Karshi-Khanabad, while consistently supporting U.S. foreign policy goals. It routinely votes with the United States at the United Nations and was the first country worldwide to bring into force an Article 98 agreement with the United States regarding the jurisdiction of the International Criminal Court. At the same time, however, Uzbekistan's poor record on human rights and religious freedom continues to be an issue complicating bilateral relations. In 2003, Uzbekistan did not demonstrate a commitment to observing internationally recognized human rights, including the protection of minorities. With respect to economic reforms, the Government of Uzbekistan managed to unify exchange rates and introduced current account convertibility in October 2003 by placing severe limitations on retail and wholesale trade, and tightening the money supply. These measures left many thousands without employment and income.

U.S. assistance to Uzbekistan seeks to enhance its sovereignty, territorial integrity and security, strengthen civil society, improve management of natural resources, and help relieve human suffering. In FY 2005, the United States plans to continue macro-economic reform assistance, if it can be concluded that this assistance is positively affecting government policy. If positive movement is not evident, the U.S. Government may reprogram macroeconomic assistance funding to micro-finance, health care, non-governmental organization (NGO) development, human rights advocacy, and support for independent media.

U.S. assistance will continue to strengthen primary health care, fight infectious diseases including HIV/AIDS and tuberculosis, and improve maternal and child health services. A natural resources management program will seek to improve Uzbekistan's management of its water and energy resources. The program includes equipping and training new irrigation system operating agencies, helping to establish water users' associations, and improving the policy and regulatory framework for management of water resources. Natural resources assistance is improving water-usage efficiency and mitigating the potential for conflict over regionally shared water. Programs designed to improve the environment for the growth of small and medium enterprises (SMEs) will include business training and advisory services, accounting reform, micro-finance, and strengthening of economics and business education in higher education institutions.

FREEDOM Support Act (FSA)-funded democracy assistance will continue to help NGOs through a network of seven civil society support centers. Support will also continue for human-rights defenders, independent media, civic education, anti-trafficking and judicial reform. U.S. 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 through work with the independent media.

FY 2005 security assistance funding 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 2005 will enhance Uzbekistan's capability to secure its borders and respond to threats in the region while complementing strategic goals of military reform and professionalization. FMF will sustain interoperability between Uzbekistani, U.S., and international forces.

International Military Education and Training (IMET) will continue to assist Uzbekistan in developing a modern, mobile, and professional force that will enhance regional stability through a robust program of training for junior leaders. IMET will also assist in the development of a viable and strong non-commissioned officer (NCO) corps, based on Western standards and norms.

In FY 2005, Uzbekistan will be eligible 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 its defense requirements as well as promoting its interoperability with NATO.

In FY 2005, the United States also will continue to provide 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. Assistance programs for weapons scientists under the FSA and Nonproliferation, Anti-Terrorism, Demining, and Related Programs (NADR) accounts will increasingly focus on funding research that is self-sustainable through commercial or other means.

The Export Control and Related Border Security (EXBS) Program will continue to help halt the proliferation of weapons of mass destruction (WMD), their delivery systems, related technologies, and other weapons by helping the Government of Uzbekistan to detect, deter, prevent, investigate and interdict illicit trafficking in such items and transfers to end users and end-users of proliferation concern. The EXBS program in Uzbekistan will continue to provide a wide range of non-proliferation assistance, from licensing and legal/regulatory technical workshops, to detection and interdiction equipment, and equipment and training for border patrol, control and enforcement agencies. With U.S. Government assistance, Uzbekistan will continue to tighten both its export controls and its inspections of exports.

NADR-funded Antiterrorism Training Assistance (ATA) Program regional funds will continue to provide counterterrorism training to Uzbek law enforcement to help maintain security in Uzbekistan and improve Uzbekistan's capacity to participate fully in the Global War on Terrorism.

Uzbekistan is a transit country for narcotics produced in neighboring Afghanistan. The United States cooperates with the Government of Uzbekistan in the interdiction of illicit narcotics and in the denial of illegal revenues from such drug smuggling for use as financing by terrorist groups. FY 2005 FSA law enforcement funding will be increased to ensure continued support for counter-narcotics interdiction by Uzbek law enforcement agencies and for Uzbek law enforcement agencies' improved capability to cooperate with the U.S. Drug Enforcement Administration. FY 2005 funding will also continue efforts to improve the treatment of suspects and prisoners and prevent the use of torture in law enforcement.

In FY 2005, FSA-funded humanitarian assistance to Uzbekistan will target the most vulnerable members of society through delivery of medicines, medical supplies, food and clothing.

OSCE Regional - Europe

(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
PKO	7,858	9,245	2,500

Funding is provided for the Organization for Security and Cooperation in Europe (OSCE) peacekeeping and post-conflict activities. The U.S. Government pays for a share of OSCE operations, which support U.S. goals of preventing destabilizing conflicts in the former communist states, resolving certain ongoing disputes, containing and reducing instability in the Balkan states and states of the former Soviet Union, 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 and Assistance Cooperation Team (REACT), 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.

FY 2005 Peacekeeping Operations (PKO) funds for European Regional programs will fund a small portion of the U.S. share of the OSCE's field missions in the Balkans and the former Soviet Union missions and to pay the salaries of certain American citizens seconded to work in those missions. In FY 2005, the U.S. contribution toward the cost of operating non-peacekeeping related OSCE activities in European and Eurasian countries will be funded from the SEED and FSA accounts. 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 are focused on the economic, environmental, human and political aspects of security and stability.

Regional FSA

(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
FSA	59,970	48,960	49,000

FREEDOM Support Act (FSA) regional programs bolster security and stability throughout Eurasia, thereby enhancing U.S. national security. FSA programs increase the ability of the Eurasian states to address issues of mutual concern, such as reducing the risk of terrorism, proliferation of weapons of mass destruction (WMD) and combating the trafficking of narcotics and persons. These programs promote regional cooperation and stability by providing opportunities for citizens of the region to work together to promote economic restructuring and democratic reform.

Several U.S. national interests in this region are advanced 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 the poverty, unemployment, inadequate communal services and education that provide fertile soil for extremist groups and have the potential to create unrest.

Caucasus regional programs focus on responding to urgent humanitarian needs and other special initiatives, including support for earthquake victims in Armenia and refugees and internally displaced persons (IDPs) from the Nagorno-Karabakh conflict. Support for refugees and IDPs also comes from Eurasian regional programs.

The FSA regional account also includes a small contingency fund to enable 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. This fund is also used to augment projects that perform very well during the year and require additional support.

Eurasian regional programs address the entire range of the U.S. Government's assistance objectives, including increased trade and foreign investment, development of small and medium-sized enterprises (SMEs), combating crime and corruption, fighting trafficking in persons, and promoting economic restructuring and democratic reform. Eurasian regional funds also support programs that redirect former Soviet WMD expertise to peaceful activities and enhance the ability of the Eurasian countries to prevent the proliferation of WMD (and associated delivery systems, materials and technologies), conventional weapons and other illicit trafficking across their borders.

In addition, Eurasian regional funds support the activities of several U.S. agencies in the region, including Trade and Development Agency feasibility studies, Treasury Department technical assistance, Agriculture Department training and exchange programs, Commerce Department training programs and trade and investment support activities, and State and Justice Department regional law enforcement training programs that help states combat trafficking in narcotics and persons, reduce the likelihood of international terrorist operations, and improve human-rights practices in criminal justice institutions.

Beginning in FY 2005, the FSA account will fund the bulk of costs for OSCE missions in the Eurasian countries. These missions undertake high-priority responsibilities in conflict prevention and post-conflict democratization and stabilization. Also, regional FSA rather than Peacekeeping Operations (PKO) funds will be used to pay non-peacekeeping related activities, including the salaries of American citizens seconded to the OSCE Secretariat and field missions, as well as the travel costs of Americans serving as election monitors for the OSCE's Office of Democratic Institutions and Human Rights (ODIHR). The service of these individuals is both a crucial U.S. Government contribution to the effective work of the OSCE and a key means of maintaining U.S. influence and involvement in OSCE activities.

Regional FSA funds will also continue to be used for extra-budgetary contributions to the OSCE for high-priority projects to promote human rights, democratization, economic development and environmental protection in the Eurasian countries.

Regional SEED

(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
SEED	69,437	37,775	59,000

Support for East European Democracy (SEED) regional programs sustain the transition to democracy, market economies, and social stability in Southeast Europe. Through these programs, the United States pursues its interests in economic growth, trade and investment promotion, and reducing international criminal and terrorist threats to U.S. citizens. In addition, regional SEED funds will cover almost all assessed costs for the OSCE's Balkans missions and provide U.S. support to the Office of the High Representative (OHR) in Bosnia and Herzegovina.

In FY 2005, SEED regional funding will help accelerate Southeast Europe's integration into Euro-Atlantic institutions. Regional programs will target terrorism, corruption, international crime, and trafficking in persons, as well as develop regional capacities for war crimes trials in the Balkans. These funds will support significant regional efforts to promote energy efficiency and will help facilitate infrastructure development. Through regional funding for both the Stability Pact for Southeastern Europe and the Regional Center for Combating Trans-Border Crime (under the Southeast Europe Cooperative Initiative or SECI) in Bucharest, the U.S. targets crossborder problems and leverages assistance from European and international donors to support U.S. policy priorities.

The SEED regional budget also covers traditional Congressional directives in the fields of health and HIV/AIDS, grants to regional non-government organizations (NGOs) through the National Endowment for Democracy (NED), and the professional development of U.S. academics studying Southeast Europe under the Program for the Study of Eastern Europe and the Independent States of the Former Soviet Union (Title VIII).

Through the regional account, the United States funds technical assistance, leverages significant funding from other donors, and promotes regional cooperation, including in law enforcement. Countries of the region are increasingly "taking ownership" of border and customs control reform efforts and cooperative regional law enforcement operations that combat organized crime, terrorism, and trafficking in persons. Continued U.S. engagement with these efforts, through our support for the Bucharest Anti-crime Center as well as the International Law Enforcement Academy (ILEA) in Budapest, Hungary, remains an important catalyst to increased and effective regional cooperation. For example, U.S. technical assistance to the Bucharest Center's Trafficking Task Force supported two regionally coordinated law enforcement operations that identified 933 traffickers and led to criminal procedures in 792 cases. ILEA provides high-quality training and technical assistance, supports institution building and enforcement capability, and encourages strong partnerships between countries in the region.

Through SEED contributions to the Stability Pact, the United States leverages resources from European and other donors. The USAID-administered Regional Infrastructure Program in Southeastern Europe has worked closely with international financial institutions and the EU to facilitate and accelerate over two billion Euros in water and transport infrastructure projects. That cooperation led to a joint USAID-International Finance Corporation (IFC)-financed Balkans Infrastructure Development (BID) Facility that will provide technical assistance in program proposal development. The BID Facility has garnered support from a variety of Western European donor countries.

Beginning in FY 2005, the SEED account will fund the bulk of assessed costs for OSCE missions in the Balkans, U.S. contributions to the OHR in Bosnia, and security costs for senior Americans leading such

missions. These missions undertake high-priority responsibilities in conflict prevention and post-conflict democratization and stabilization. Also, regional SEED rather than Peacekeeping Operations (PKO) funds will be used to pay non-peacekeeping related activities, including the salaries of American citizens seconded to the OSCE Secretariat and field missions, as well as the travel costs of Americans serving as election monitors for the OSCE's Office of Democratic Institutions and Human Rights (ODIHR). The service of these individuals is both a crucial U.S. Government contribution to the effective work of the OSCE and a key means of maintaining U.S. influence and involvement in OSCE activities.

Regional SEED funds will also continue to be used for extra-budgetary contributions to the OSCE for high-priority projects to promote human rights, democratization, economic development and environmental protection.

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NEAR EAST

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Algeria
(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
IMET	612	550	850

Engagement with a stable, secure, and democratizing Algeria is important to U.S. national interests. Algeria shares our interest in fighting terrorism, plays an important leadership role in the Arab world, Africa, and the Mediterranean basin, possesses enormous gas and oil resources, and has assumed a seat on the United Nations Security Council. Algeria is emerging from a decade of terrorist violence and state repression that cost upwards of 100,000 lives, and is moving slowly forward on a process of political and economic reform. Recent positive steps towards economic liberalization and democratization have come through progress on WTO accession and ongoing efforts to amend electoral rules to allow the military to vote outside their barracks. U.S. projects through the Middle East Partnership Initiative (MEPI) will reinforce these trends.

U.S. assistance to Algeria has helped to foster institutional ties with the Algerian military. The Algerian government has demonstrated it is an important partner in the global war against terrorism; it remains in the U.S. interest to help the Algerian military increase its professionalism, effectiveness and improve its interoperability with the U.S. and other allied forces. The threat of terrorism from internal Algerian extremist groups and those with ties to international terrorist organizations continues to plague Algeria and threaten U.S. interests in the region. While most large towns and cities are now free of violence, military action in remote rural areas against the remaining armed insurgents is expected to continue for the foreseeable future. A new cause for concern for the Algerian military has been the targeting of foreign travelers in the South, creating the need for additional counterterrorism efforts that focus on collaboration with regional partners to secure Algeria's long and porous borders.

The International Military Education and Training (IMET) program helps military leaders develop contacts with U.S. counterparts, better understand U.S. policies, increase awareness of international norms and foster greater respect for the principle of civilian control of the military. In FY 2005 we are requesting a significant increase in IMET funding to \$850,000. In Algeria IMET develops relationships with members of a key military power with whom the United States has traditionally had very limited ties. Algeria's primary military supplier had been the former Soviet Union and China, however, in recent years, it has diversified its sources of military material. Indeed, as Algeria pursues its common goal of securing stability in the Mediterranean, interest in cooperation with the United States and Europe is on the rise. Training in FY 2005 includes a continued focus on English language training and placement of officers in key Professional Military Education (PME) courses as well as selected technical training courses and staff colleges.

Bahrain
(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
FMF	-	24,850	20,000
FMF-SUP	90,000	-	-
IMET	448	600	650

In 2001, President Bush designated Bahrain a Major Non-NATO Ally (MNNA) in recognition of the close cooperation and facilities support that Bahrain has provided the U.S. Navy for the past 50 years. Bahrain currently hosts the U.S. Navy Fifth Fleet Headquarters and important air assets. The United States has an enduring national security interest in retaining access to these military facilities in order to maintain stability in the Gulf and to facilitate the on-going war on terrorism. The relatively open access to facilities, land and airspace that Bahrain provides is critical to: U.S. Operations in Iraq, Afghanistan, and the Horn of Africa as well as nascent regional interception activities that prevent illicit smuggling of narcotics and other goods, and any contingency operations and/or force projection in the Gulf and Southwest Asian areas.

The Government of Bahrain has been a steadfast supporter of U.S. foreign policy objectives. In addition to supporting U.S. objectives in Iraq since 1990, Bahrain has been a key supporter of our war on terrorism since the 2001 attacks on the Pentagon and World Trade Center. Bahrain responded positively to all U.S. requests connected to Operation Enduring Freedom (OEF), and was the only nation in the Gulf to deploy its own forces to provide humanitarian support for Afghan relief. A major regional banking center, Bahrain has also pioneered the introduction of financial controls on Islamic banks to prevent illicit terror financing. U.S. political and military support and cooperation also helps encourage the significant ongoing political and economic reforms fostered by the King and the Crown Prince. In 2002, Bahrainis went to the polls for the first time in over 30 years to elect the lower house of the National Assembly. Women candidates were not only eligible to vote but also ran for national office in those elections -- a first for any Gulf Cooperation Council member state.

Bahrain's Foreign Military Financing (FMF) and International Military Education and Training (IMET) security assistance programs support the United States' national interest in maintaining stability in the Gulf. FY 2003 and FY 2004 FMF is being used to upgrade weapons systems and further develop a truly integrated air defense network. FY 2005 FMF will provide continued funding for Bahrain's air defense system as well as critical funding for Bahrain's F-16 program, and will enable an expansion of littoral waters maritime interdiction operations. The FY 2005 IMET increase from \$600 to \$650 thousand will serve to enhance interoperability with U.S. forces, promote military professionalism, and reinforce the importance of a strong, cooperative political/military relationship with the United States among the Bahraini officer and non-commissioned officer corps. In addition through attendance at US-based courses of instruction, IMET will allow the opportunity to demonstrate the democratic principles of civilian control of the military and helps to encourage the political reform already underway in Bahrain. Bahraini attendance at key Professional Military Education (PME) courses will foster key one-to-one relationships that will pay invaluable rewards in the form of interoperability, access, coordination and mutual understanding especially in terms of the on-going war on terrorism. IMET-funded maintenance, logistics and specialist training provide military personnel with the requisite skills required to maintain the stocks of U.S. furnished equipment, and enhance Bahrain's value as a training and coalition partner. Bahrain is eligible in FY 2005 to receive U.S. Excess Defense Articles (EDA) under section 516 of the Foreign Assistance Act.

Egypt
(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
ESF	611,002	571,608	535,000
ESF-SUP	300,000	-	-
FMF	1,291,550	1,292,330	1,300,000
IMET	1,232	1,200	1,200
P.L. 480 Title II	2,347	-	-

Egypt is the largest and most populous country in the Arab world; it is an important ally of the United States. Egypt's support for U.S. initiatives – whether multilateral or bilateral and whether political, strategic, military, or economic – is critical. In the global war on terrorism, Egypt actively aids the United States with public support, logistical and intelligence assistance, financial cooperation, and diplomatic coordination. Egypt more than any other Arab state plays a role in advancing Middle East peace efforts. Its extensive logistics support during the war in Iraq was critical to U.S. success. As a moderating influence, Egypt is pivotal to U.S. interests in the Arab, Muslim, and developing worlds, as well as geographically in the Middle East, Africa, and the Mediterranean basin. An Egypt that is socially and economically stable and that views the United States as a friendly ally will continue to be vital to U.S. national security interests for the foreseeable future.

The FY 2005 request of \$1.3 billion for Egypt in Foreign Military Financing (FMF) will support a modern, well-trained Egyptian military that will continue to help ensure stability in the region, facilitate Egypt's participation as a coalition partner in future area operations, provide force protection to the U.S. military in the region, and help guarantee U.S. access to the Suez Canal and over-flight routes used to support our forces fighting the war on terror. Because Egypt's five-year plan currently calls for no new large acquisitions, most funding will go to follow-on support requirements and existing cash flow obligations.

The \$1.3 million requested in FY 2005 International Military Education and Training (IMET) funds will continue to play a critical role in the professional and technical development and training of the Egyptian military forces. These funds allow Egypt to send students to both Technical and Professional Military Education (PME) courses. These courses include, but are not limited to, including U.S. service war colleges, command and staff colleges, and officer and non-commissioned officer entry-level courses. Egyptian attendance helps foster one-to-one relationships that improve U.S.-Egyptian military interoperability and coordination and serve U.S. regional interests. IMET-funded maintenance, logistics and specialist training provides Egyptian military personnel with the skills needed to maintain Egypt's stocks of U.S. furnished equipment, and enhances their value as a training and coalition partner. In FY 2005, Egypt is eligible to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act.

In 2003, the Department of State and USAID concluded a joint review of the overall strategic direction of the USAID/Egypt portfolio and its specific programs in order to bring them in line with the goals and objectives of the Middle East Partnership Initiative (MEPI). In addition to focusing ESF on these priorities, the review concluded that we needed to reach more Egyptians at the grassroots level and measure the results of our assistance activities in Egypt more effectively to better ensure their success. The review also concluded that our assistance should promote key economic, trade, and political reforms to ensure Egypt's long-term stability. State and USAID are working to implement these conclusions.

FY 2005 Economic Support Funds (ESF) will be targeted to ensure expanded political, economic, and educational reform in Egypt. We are devoting significant resources for democracy and governance projects that open the public space for debate, support civil society institutions, and promote respect for the rule of law. In education, we are promoting decentralization of Egypt's education system and integrating proven models of teacher teaching, local school management, and community and private sector involvement. Girls' education, particularly in rural areas, and English language training programs are key elements of our activities.

Egypt needs to reinvigorate its economy if it is to develop into a globally competitive country that can generate jobs and opportunities for its growing population. Of the FY 2005 ESF requested, some \$200 million will be provided as a cash transfer for the Development Support Program (DSP), which is designed to foster economic reform. This program targets reforms in the financial sector, including bank privatization, rather than a set of several unrelated economic reforms. As much as \$200 million in FY 2005 ESF will be used for the Commodity Import Program that provides hard currency for the Egyptian private sector to import U.S. goods. The remaining ESF funds will be used for technical assistance to improve the business and investment climates, increase agricultural productivity, and improve health care.

Israel
(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
ESF	596,100	477,168	360,000
FMF	2,086,350	2,147,255	2,220,000
FMF-SUP	1,000,000	-	-

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 the confidence necessary for Israel to take calculated risks for peace. Achieving progress toward comprehensive peace and an end to the Arab-Israeli conflict will strengthen 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 by decreasing Israel's political and economic dependence on the United States, and by fostering 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 both for U.S. investment and for export sales.

The FY 2005 Economic Support Funds (ESF) requested 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 (USG); pay to the USG any subsidies or other costs associated with loans guaranteed by the USG; service Foreign Military Sales debt; and for other activities to support Israel's economic needs. The United States continues to work with the government of Israel on the phase-out of U.S. economic assistance, while encouraging Israel's efforts to increase the role of the private sector, promote productive investment, reform taxes, and use its resources more efficiently.

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 20 percent of the Israeli defense budget and is crucial to Israel's multi-year defense modernization plan. The FY 2005 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 per year. Israel also will be eligible in FY 2005 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 2003 Actual	FY 2004 Estimate	FY 2005 Request
ESF	248,000	248,525	250,000
ESF-SUP	700,000	100,000	-
FMF	198,000	204,785	206,000
FMF-SUP	406,000	-	-
IMET	2,400	2,900	3,000
NADR-EXBS	555	750	860
NADR-HD	893	950	-
Peace Corps	642	1,323	1,640

Jordan shares borders with Israel, the West Bank, Syria, Iraq and Saudi Arabia. Its critical location and highly cooperative government make it a linchpin of regional stability and security. Jordan's record of cooperation on Iraq stability and reconstruction has been stellar and Amman has become the venue of choice for many Iraq-focused initiatives. Jordan is facilitating the training of 30,000 Iraqi police cadets, providing training for 1,800 New Iraqi Army officers, hosting the first U.S.-organized trade fair focused on rebuilding Iraq, sponsoring a training conference for Iraqi trade officials, and assisting in the establishment of Iraq's healthcare and education systems. Jordan is a vital ally in the Global War on Terrorism, providing intelligence, diplomatic, military and security cooperation with the United States and our allies in the region. Jordan continues to honor its peace treaty with Israel, and to cooperate actively with Israel in a number of critical areas. Jordan is leading the way as a regional model for democracy, good governance, economic reform and tolerance. The GOJ has openly declared its commitment to increasing political participation, particularly among women, and promoting enhanced transparency. U.S. economic and military assistance to Jordan signals our strong support of and appreciation for an important ally in the Middle East region.

Economic assistance for Jordan is used for USAID programs focused on three objectives: (1) increasing economic opportunities, (2) strengthening water resources management; and (3) improving social sector development (including education and healthcare) and governance.

U.S. assistance to expand economic opportunities for Jordanians is designed to build on the economic reforms achieved to date by striving for a more transparent, efficient, and responsive public sector, more effective legal and regulatory reforms, and greater private sector growth, especially in terms of capitalizing on the U.S.-Jordan Free Trade Agreement (FTA). Promoting economic growth in Jordan enhances its political stability and will also permit a gradual decrease in U.S. assistance and open new opportunities for U.S. investment and export sales. U.S.-funded water sector programs will aim to strengthen key institutions and policies, optimize the availability, allocation, and use of limited water resources and waste-water treatment capacity, and improve environmental protection. U.S. assistance will also fund continued primary healthcare and family planning initiatives; improve and expand early childhood and secondary education, including vocational and life skills training; and promote good governance, particularly in the legislature, and civic participation and transparency initiatives.

The Department of State and USAID have finished the joint review of the overall strategic direction of the USAID/Jordan portfolio and will continue a dialogue with the Jordanians to ensure the program is complementary of the goals and objectives of the Middle East Partnership 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, Syria and Saudi Arabia. Secure borders result in improved security for Israel and for U.S. forces in Iraq and the Arabian Gulf region. The FY 2005 FMF request totals \$206 million and will improve Jordan’s readiness in border surveillance and security operations, enhance their ability to combat terrorism, and support much needed modernization of Jordan’s U.S. furnished military equipment.

Jordan’s IMET program is one of the largest and most productive programs in the world. IMET training reinforces democratic principles of civilian control of the military, enhances interoperability with U.S. forces, promotes military professionalism, and reinforces the importance of a strong, cooperative political/military relationship with the United States among the Jordanian officer corps. 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 key PME courses has helped foster one-to-one relationships that are paying invaluable rewards in the form of interoperability, access, coordination and mutual understanding especially in terms of the on-going war on terrorism. IMET-funded maintenance, logistics and specialist training provide military leaders with the skills to maintain stocks of U.S. equipment, and enhance Jordan’s value as a training and coalition partner. In addition, Jordan is eligible in FY 2005 to receive U.S. Excess Defense Articles (EDA) under section 516 of the Foreign Assistance Act; this enables the government to make maximum use of scarce funds for critically needed equipment and spare parts.

Finally, as part of 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) Export Control and Related Border Security Assistance (EXBS) funds for a cooperative program in Jordan. FY 2005 NADR/EXBS funding will provide training to identify strategic items and equipment to assist enforcement officials in their implementation of export control law and regulations. In addition, FY 2005 NADR/EXBS funds will assist in the expansion of the radiation detection system.

Lebanon
(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
DA	-	400	-
ESF	34,772	34,794	32,000
IMET	700	700	700
NADR-HD	1,475	1,250	2,300

The United States has a strong interest in promoting a stable, independent, democratic, and economically strong Lebanon at peace with Israel and neighboring states. These characteristics will open new opportunities in Lebanon for U.S. investment and exports, help combat terrorism, and contribute to the fight against illegal drugs, violations of intellectual property rights, and trafficking in persons. However, progress toward political, institutional, and economic reform is slow, hampered in part by the legacy of the sixteen-year civil war, the presence of Syrian troops, and over \$32 billion in public debt.

The FY 2005 Economic Support Fund (ESF) request of \$32 million for Lebanon will be used to promote economic growth, build democracy and good governance, and protect the environment. The main emphasis of this funding will be the rural-urban integration of the Rural Community Development “Clusters” program, which has revitalized 430 villages and includes over 1,000 activities in basic infrastructure, income production, environment, and civil society. The rural-urban integration project will establish links between the clusters and industry to promote development in three sectors: tourism, agro-industry, and information and communication technology. The environmental program will continue to promote the development of wastewater and solid waste treatment activities in the rural communities, including strengthening municipal capabilities to manage waste facilities and promoting sound environmental practices and awareness. The clusters program will expand further into areas formerly under Israeli occupation, helping offset the influence of extremists. WTO accession technical assistance program will continue to encourage trade and investment, globalization and broad-based policy and legislative reforms that are WTO-consistent and necessary for Lebanon’s WTO accession bid.

ESF funds will also be used to strengthen the foundation for good governance by improving municipal governance, expanding advocacy, and increasing Parliament’s responsiveness. Small grants will continue to be awarded to finance activities resulting in transparency and accountability. U.S. support for the American educational institutions in Lebanon encourages the development of civil society. ESF will provide these institutions with both programmatic support and grants for scholarships and core programs.

The Department of State and USAID are conducting a joint review of the overall strategic direction of the USAID/Lebanon portfolio and its specific programs in order to ensure the programs are complementary of the goals and objectives of the Middle East Partnership Initiative (MEPI). This review may entail changes in the level of funding of the programs, projects, and activities described in this Budget Justification.

The \$700,000 in requested International Military and Education Training (IMET) funding for FY 2005 will reinforce the democratic principle of civilian control of the military as well as reduce sectarianism in one of the country’s major institutions, buttressing progress made in recent years by the Lebanese leadership to develop the Lebanese Armed Forces as a unifying national institution. IMET training also provides an important alternative to military training activities conducted together with Syria and other countries. 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. IMET-funded maritime training helps Lebanon in the areas of

environmental security, port security and search and rescue operations. IMET-funded maintenance and logistics training will help increase readiness. Lebanon is also eligible to receive grant Excess Defense Articles (EDA) in FY 2005 under section 516 of the Foreign Assistance Act. Much needed spare parts and equipment to maintain military mobility and readiness are supplied via EDA grants.

The \$2.3 million in Non-Proliferation, Anti-Terrorism, Demining and Related Programs (NADR) funds requested for FY 2005 humanitarian demining projects will finance an on-going program to remove land mines throughout Lebanon, especially in southern Lebanon where we continue to encourage increased deployment of the armed forces in order to stabilize the border areas. In FY 2005, ESF funds will again support a mine action program focused on landmine awareness campaigns and landmine survivors assistance programs targeted at creating more income-generating opportunities.

Morocco
(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
DA	6,644	5,400	6,000
ESF	-	-	20,000
FMF	4,900	9,940	20,000
IMET	1,575	1,750	1,875
INCLE	-	-	6,000
Peace Corps	2,549	2,732	3,488

As the May 16, 2003 terrorist attacks in Casablanca demonstrated, Morocco is on the front lines in the global war against terrorism. That all the attackers came from the same Casablanca slum demonstrates the need to focus resources on addressing poverty as a contributing cause of terrorism. In the wake of the attacks, Morocco remains committed to its political and economic reform agenda. It is in the United States' interest that Morocco -- a moderate Arab state, whose leadership is committed to a democratic transformation -- succeed.

The USAID Mission in Morocco has developed a new strategic plan that addresses recent challenges including the war on terrorism and the current Free Trade Agreement (FTA) negotiations, and is fully consistent with the goals set out by the Middle East Partnership Initiative (MEPI). Over the past months, State and USAID have worked closely together to ensure that the \$6 million in Development Assistance (DA) and the \$20 million in Economic Support Funds (ESF) requested for Morocco in FY 2005 will be aligned and targeted to support common policy and programmatic goals. These goals include education reform, economic growth, private sector development, and increased transparency and access to the political system.

Education funds, both DA and ESF, will focus on increasing opportunities for skills development and employment training in part by improving the capacity of schools to deliver accessible, quality, and relevant education. Particular projects may include need-based scholarships directed towards girls and at-risk boys.

Second, economic funds will aim toward improving life and generating economic opportunities in urban slums, enhancing Morocco's capacity to provide basic needs and services, and ensuring that the U.S.-Morocco Free Trade Agreement (FTA) not create a wave of rural migrants to already overcrowded urban areas. Technical assistance and business development, funded by ESF and DA, will seek to enhance the positive impact and ensure the success of the FTA.

Third, democracy and governance assistance will focus on improved government responsiveness to citizens, including improving the performance of local governments, encouraging transparency in governance, and parliamentary training. MEPI ESF funds will supplement bilateral ESF in working on such projects as political party development, parliamentary strengthening, and media training.

The \$6 million in International Narcotics and Law Enforcement (INCLE) funds will help address the challenges of Morocco's large and porous borders and weak border controls. Illegal migration, smuggling of goods and people, narcotics production and trafficking and transiting of terrorists have served to undermine the rule of law in Morocco, foster public corruption, and weaken the Moroccan institutions that assist the U.S. in the war against terrorism. Project goals include the reduction of trans-border criminal activity, increased customs revenue collections, improved processing of travelers and goods at ports of

entry, the creation of democratic and effective law enforcement institutions that foster trust on the part of citizens, as well as other activities designed to maximize positive police-community exposure.

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. For the past decade, Morocco has utilized FMF allocations to maintain U.S. -origin equipment, usually acquired from the U.S. as Excess Defense Articles (EDA). While we will continue to support Moroccan efforts to sustain this equipment, this year we propose an increase in FMF to \$20 million to help meet growing security challenges posed by terrorist groups and enhance our partner's capacity to monitor and secure strategic chokepoints. The Strait of Gibraltar has always been plagued by illegal immigration and drug smuggling, but recent events--the 2002 Al Qaeda plot to attack ships in the Strait and the Casablanca bombings--highlight the changing nature of the threat in the immediate area. The May 16 bombings also make clear that Morocco must do more to deal with terrorist threats. The increase in FMF will fund a new maritime initiative that will greatly enhance Morocco's capacity to patrol its northern littoral. Morocco is eligible in FY 2005 to receive EDA under section 516 of the Foreign Assistance Act. These transfers help to sustain and promote interoperability with the U.S. and NATO forces.

The FY 2005 IMET request will support ongoing programs that send over 70 students each year to Professional Military Education (PME) courses at U.S. service schools. Through training and relationships developed with U.S. counterparts, the IMET program increases awareness of human rights norms, fosters respect for the principle of civilian control of the military and the rule of law, provides military leaders with skills to maintain U.S. equipment and helps foster one-to-one professional relationships that improve interoperability, mutual understanding, as well as provide U.S. access to the highest levels of the Moroccan armed forces.

Oman
(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
FMF	19,500	24,850	25,000
FMF-SUP	61,500	-	-
IMET	567	1,000	1,100
NADR-EXBS	85	400	400

Oman occupies a strategic location on the Arabian Peninsula and on the southern shore of the Strait of Hormuz. As the Strait forms 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 (OEF), providing critical 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. Continued access and assistance will be vital to the success of any future operations in Southwest Asia.

FY 2005 Foreign Military Financing (FMF) grants will enhance Oman's capability to monitor its land, sea, and air borders, including the vital Strait of Hormuz, and improve their interoperability with U.S. forces. This capability directly supports the war on terrorism, complements expanding Coalition maritime interdiction operations, and helps ensure that the deployment route to the Gulf remains unobstructed. These funds also tangibly demonstrate U.S. support for a moderate Gulf ally that will remain indispensable with regard to future contingencies in the region. FY 2005 FMF includes funding for the sustainment of the U.S. furnished Mark V Fast Patrol Boats, enhancements to the Sultanate's maritime surveillance capabilities land border security, and procurement of mine countermeasure equipment and F-16 munitions and ground support equipment.

International Military Education and Training (IMET) also serves to enhance our military relationship with Oman. IMET training provided to Oman covers a broad range of areas to including Professional Military Education (PME), English language, technical and logistics training, medical corps development, de-mining efforts and maritime operations. IMET training reinforces democratic principles of civilian control of the military, enhances interoperability with U.S. forces, promotes professionalism and reinforces among core supporters of the regime the importance of a strong, cooperative political/military relationship with the United States. Omani officer and non-commissioned officer attendance at technical training and PME courses, help foster one-to-one relationships that pay invaluable rewards in the form of access, operational coordination and mutual, professional understanding. Maintenance, logistics and specialist training will also serve to enhance the Sultanate of Oman's military's value as a training and coalition partner. Oman is eligible in FY 2005 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act.

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) Export Control and Related Border Security assistance (EXBS) funds to a cooperative program to help establish an effective export controls in Oman.

FY 2005 NADR EXBS funding will provide training to determine if an item or technology is controlled and equipment to assist enforcement officials implement export control law and regulations.

Saudi Arabia
(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
IMET	22	25	25
NADR-EXBS	80	-	-

Saudi Arabia has over the past decade provided operational support for Operation Southern Watch and related programs and since 9/11 has been instrumental in providing crucial, regional political and logistical support for the Global War on Terror. Continued military-to-military contacts will encourage the development of a professional military command and armed forces. This will permit a greater level of transparency and cooperation, and allow the Kingdom to assume a greater role in their own self-defense, thereby assisting the United States in achieving its policy goals in the region.

The relatively modest amount of International Military Education and Training (IMET) funds requested in FY 2005 (\$25,000) will permit the Saudi government to purchase military training in the United States at considerably lower cost than is charged countries that are not eligible for IMET. While Saudi Arabia controls the world's largest oil reserves, it faces increasing budget pressure. The Saudi military consequently enjoys diminished funding, and, as a result, has sought less expensive -- and less effective -- training from other countries. These steps have led to diminished experience with U.S. equipment and techniques, which in turn risks a decrease in the interoperability of Saudi armed forces with those of the United States and a subsequent loss of influence and defense sales to U.S. contractors.

Providing IMET to Saudi Arabia ensures a continued high level of Saudi attendance at U.S. military training institutions. Such attendance provides the skills necessary for Saudi officers to maintain a sophisticated level of military expertise geared towards interoperability with U.S. forces; it also permits continuing maintenance of the extensive inventory of sophisticated military systems that 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 also 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.

Tunisia

(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
FMF	4,900	9,940	10,000
IMET	1,500	1,750	1,875

Tunisia is a strong U.S. ally in the Arab world. A leader in women's rights, economy, and education, it serves as an example to the region of ongoing, positive reform. Tunisia has consistently supported the United States on a wide variety of issues, and is a valuable partner in the global war on terrorism. As it assumes the presidency of the Arab League in 2004, Tunisia will continue to play a vital role in the region.

The FY 2005 budget requests \$10 million in Foreign Military Financing (FMF) and \$1.875 million in International Military Education and Training (IMET). These funds will allow the United States to reinforce Tunisia's efforts to reach a level of regional moderation and encourage continuing support for U.S. Middle East policies. The Tunisian Armed Forces have worked very closely with U.S. forces to achieve a level of skill and operational readiness, enhancing Tunisia's effectiveness as a counterterrorism partner. FMF funding will help Tunisia to address its mobility and systemic maintenance and logistical shortfalls, especially in the aviation field, that are affecting the military's operational capability to monitor and secure Tunisia's porous land and maritime borders. Tunisia is threatened by terrorism and Tunisia's ability to monitor its borders effectively has grown in importance. FMF funding will help suppress indigenous and transnational terrorist elements, increase border monitoring capabilities, and further Tunisia's value as an ally in the Global War on terror.

Seventy percent of the Tunisian military's equipment is U.S. origin, aging, and cannot be maintained within Tunisia's current defense budgets. Thus, FMF will continue to support the sustainment and maintenance requirements of critical aviation and maritime assets, tactical vehicles, border surveillance and communications equipment, as well as counterterrorism training. In addition, Tunisia is eligible in FY 2005 to receive Excess Defense Articles (EDA) on a grant basis under section 516 of the Foreign Assistance Act (FAA). Provision of grant EDA will advance the U.S. interest in assisting Tunisia to enhance military readiness and upgrade and/or maintain vital military equipment.

The FY 2005 IMET program will continue to fund U.S. military technical training and professional military education for Tunisian non-commissioned and commissioned officers. IMET funds have been used to enhance Tunisian officers' English language skills. In addition, students trained under Tunisia's IMET program increase their familiarity with U.S. military practices and U.S. foreign policy, which in turn serves to promote the U.S. goals of regional stability and democracy. IMET-funded maintenance, logistics and specialist training provide soldiers, sailors, and airmen with the skills needed to maintain Tunisia's stocks of U.S. equipment, and enhance Tunisia's value as a regional ally.

Through the former US-North African Economic Partnership, the United States has supported Tunisian efforts to open up the economy to privatization. These efforts will continue through the Middle East Partnership Initiative (MEPI), while shifting the focus towards programs supporting political reform and promoting civil society. The Department of State plans to open a MEPI program office in Tunisia, one of two in the region. We will continue look to Tunisia to be an example to the Arab world and share its expertise in the fields of education, women's rights, and economic reforms.

United Arab Emirates

(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
NADR-EXBS	200	250	250

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. Thanks to careful management of its oil wealth and the free trade and open market policies promulgated by its leadership, the United Arab Emirates (UAE) is an important regional actor in the Persian Gulf. U.S. relations with the UAE have developed significantly since the 1991 Gulf War, and have only become stronger and more broad-based in the aftermath of 9/11 and the advent of the Global War on Terror. The UAE is open to continued strong relations with the United States and considers its fundamental interests and values compatible with U.S. goals. Relatively modest U.S. technical assistance to the UAE will be critical in helping its federal and emirate authorities to focus their tracking of possible shipments of components of weapons of mass destruction and related materials through UAE ports and airports.

As part of 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) Export Control and Related Border Security Assistance (EXBS) program funds for a cooperative program in the United Arab Emirates. FY 2005 NADR funding will provide training in identifying strategic items.

The Department of State plans to open a regional Middle East Partnership Initiative (MEPI) office in the UAE. This will be one of two such offices.

West Bank/Gaza

(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
ESF	74,500	74,558	75,000
ESF-SUP	50,000	-	-
P.L. 480 Title II	9,984	-	-

U.S. assistance to the West Bank and Gaza contributes directly to the core U.S. foreign policy goal of peace in the Middle East. By supporting good governance, responding to humanitarian needs, helping the private sector, and developing needed infrastructure we promote stability in the West Bank and Gaza and encourage moderate Palestinian voices, in contrast to organizations that would exploit the conflict to advance radical views and violence. These efforts support directly the President's call in his June 24, 2002 speech for the transformation of the Palestinian leadership and the development of reformed Palestinian institutions, which can form the basis of an independent Palestinian state living in peace and security alongside Israel.

The immediate needs of the population are vast, with emergency assistance critical to averting a humanitarian catastrophe in the wake of the economic crisis resulting from ongoing Israeli-Palestinian violence. Yet it is also important to support Palestinian Authority (PA) political and economic reform that will contribute to the formation of a democratic, market-oriented, independent Palestinian state in the near future, consistent with the President's vision. To meet these priorities, during the past three years USAID has maintained longer-term programs that focus on institution building, infrastructure and human capital, while reallocating more than \$200 million to emergency response programs.

FY 2005 resources will fund projects within four thematic areas, responding both to emergency and longer-term development needs. Assistance will continue to address the basic needs of the Palestinian population through activities that improve and sustain performance in the health care system, create jobs, and provide assistance to rebuild damaged small-scale infrastructure and roads. Second, these funds will support political and economic policy reforms—including the strengthening of key PA ministries and regulatory agencies, the legislature and the judiciary--and Palestinian NGOs that promote democratic values and moderation. The third thematic area is directed at revitalizing the private sector, which includes the repair of damaged small and medium businesses, work with small and medium enterprises on improved management processes, financial restructuring, and the development of appropriate private sector and investment laws and regulations. The fourth area is building essential water infrastructure, including the much-needed Gaza water carrier and desalination plant, and improving human capital through scholarships for study in the United States and the region, and short term training.

The Department of State and USAID are in the midst of finalizing a joint review of the overall strategic direction of the USAID West Bank/Gaza portfolio and its specific programs in order to ensure that USG funds are most effectively used to encourage Palestinian reform.

U.S. assistance to the Palestinian people is fully supported by the government of Israel. With the exception of \$20 million provided to the Palestinian Authority Finance Ministry in July 2003 – in support of Roadmap implementation and in recognition of improvements in fiscal transparency – no funds are provided to the Palestinian Authority or the PLO. All projects are carried out through U.S. contractors, U.S. NGOs, and Palestinian NGOs. USAID maintains close accounting of all funds. Working with the country team, USAID 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. USAID

conducts such investigations worldwide, however, some Palestinian NGOs have complained about the process.

As directed by Congress, the Inspector General is now supervising audits of all on-going projects. USAID engineering staff based in the West Bank and Gaza regularly visit project sites to review progress and identify problems. Finally, regular project evaluations and funds research analysis are conducted by USAID to ensure that effective programming tools are utilized and that critical development needs are addressed.

Yemen
(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
DA	2,000	-	-
ESF	9,898	11,432	20,000
FMF	1,900	14,910	15,000
IMET	638	1,000	1,100
NADR-EXBS	-	450	525
NADR-HD	750	773	-
NADR-SALW	-	-	1,500
P.L. 480 Title II	1,893	-	-

Yemen is an essential U.S. partner in the global war on terrorism. Yemen and the United States have made great progress in uprooting the al-Qaeda presence in the country, but Yemen requires continued U.S. material support to be successful in its ongoing counterterrorism efforts. Yemen has undertaken significant strides toward opening its multi-party political system to full public participation, including women. Yemen is evolving into a multi-party democracy and has also embarked on an IMF-sanctioned economic reform program that includes a commitment to increase foreign investment and international trade. U.S. assistance to Yemen is critical to ensuring that these policies continue on track and serve as an example to other countries in the region.

The Department of State and USAID are engaged in a joint review of the overall strategic direction of the USAID/Yemen portfolio and its specific programs in order to bring them in line with the goals and objectives of the Middle East Partnership Initiative. Expanding ESF funding is key to demonstrating our commitment to assist the Republic of Yemen Government (ROYG) in poverty alleviation and economic transformation, not just in the major cities but also in the more remote rural areas where the ROYG is most in need of ways to demonstrate to the populace the benefits of our bilateral counterterrorism agenda.

Consistent with the Yemeni government's expressed priorities, current U.S. assistance will be targeted to areas that will maximize returns, be flexible enough to sustain Yemen's modernizing economy, and support democratization efforts. Funds will be devoted to highly-visible, high-impact development projects in five remote, tribal governorates of Yemen that have served as a refuge for al-Qaeda elements and a source of political instability. Programs will focus on improved health, education and economic opportunities, particularly those related to agriculture. Agricultural projects (animal husbandry and field improvement) already established in two of five governorates will be expanded to the other three. Microfinance, small and medium business support and cultural tourism projects will also be undertaken. Funding will train more than 250 health care workers for staffing primary care facilities, and provide for in-service training for hundreds of teachers and school administrators. Selected primary schools will receive direct support in the form of equipment, furniture and teaching materials.

Funds will also support Yemen's democratic development, supporting training for party officials and local councils and improving the voter registration processes. The Fulbright scholarship program, which has produced many of our closest Yemeni partners in government and business, will also be supported by ESF funds. While the total number of Yemeni students who have received U.S.-provided scholarships may be relatively small, the value of the contribution made by this group to Yemen is enormous. Most U.S.-educated Yemenis are well integrated into modern Yemeni society and many now hold key government positions (including cabinet ministers), or are prominent academics, journalists, policymakers or businesspeople.

The Foreign Military Financing (FMF) and International Military Education and Training (IMET) funds requested in the FY 2005 budget will continue to directly support U.S. counterterrorism goals through the ongoing improvement of Yemen's ability to act against terrorist elements both unilaterally and in cooperation with the U.S. Building on the foundation of previously furnished U.S. equipment and U.S. training provided in FY 2003 and bolstered by the recent counterterrorism operational successes, the ROYG conventional military and special forces are steadily moving towards becoming an important ally in the War on Terror.

Yemen plans to use the \$15 million FMF requested in FY 2005 to provide essential military training; sustain and maintain existing U.S. furnished military equipment and support the development of a Yemeni Coast Guard. This will assist the ROYG to control their long, rugged borders and littoral waters in an effort to stem the flow of terrorists into their nation. The \$1.1 million in IMET, will continue to fund U.S. military training and the professional and technical education of Yemeni military personnel as the military force strives to adapt Western practices and doctrine, thereby increasing their versatility and utility as a coalition member. The IMET program will help military leaders in Yemen understand U.S. policies, increase awareness of international norms of human rights and foster greater respect for the principle of civilian control of the military. Sending Yemenis to Professional Military Education (PME) in the U.S. helps establish one-to-one relationships 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 Yemeni military's interoperability with U.S. forces and will prepare Yemeni personnel for additional training opportunities.

In FY 2005, Yemen will be eligible to receive Excess Defense Articles (EDA) on a grant basis and hopes to use this program to continue development of a basic coast guard. This equipment is imperative to Yemeni efforts to improve monitoring of illegal trafficking through its waters and enhancing the safety of vessels passing through the Bab el Mendeb Straits.

Additionally, Non-Proliferation, Anti-Terrorism, Demining and Related Programs (NADR) in Yemen is progressing at an excellent rate. In addition to supporting an on-going demining effort, NADR funding supports export control and border security 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 plans to increase NADR Export Control and Related Border Security assistance (EXBS) funds to a cooperative program to help establish fully effective export controls in Yemen. FY 2005 NADR funding will provide training to determine if an item or technology is controlled, and equipment to assist enforcement officials implement export control law and regulations.

The Yemeni government's efforts to curb the cross-border trade in small arms and light weapons (SALW) are bolstered by the recent resolution of the border dispute with Saudi Arabia. Both governments have been improving their cooperation with one another on counterterrorism operations that include border smuggling interdiction. The NADR-SALW funding request for FY 2005 will allow the United States to assist in these cooperative efforts at a key juncture both in the Global War On Terror and in Saudi-Yemeni border security. Funds will be directed primarily toward the provision of training and equipment to Yemeni forces in the deterrence of cross-border and internal arms smuggling.

Middle East Partnership Initiative

(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
ESF	-	89,469	150,000
ESF-SUP	90,000	-	-

As President Bush outlined in his November 6, 2003 speech at the National Endowment for Democracy, the United States has adopted a new policy in the Middle East, a “forward strategy for freedom.” The Middle East Partnership Initiative (MEPI) is the Administration’s primary diplomatic policy and development mechanism to implement this strategy. MEPI builds on four pillars of reform: economic, political, and educational, as well as increased opportunity for all people of the region, especially women and youth. As the primary means to align U.S. diplomatic and reform efforts in the region, MEPI funding supports the growing regional transformation process and sends a clear message of sustained U.S. commitment to reform in the region.

Reform in the Middle East is important to the national security interests of the United States. In FY 2005, MEPI’s work to promote reform, and thereby combat extremism and terror, will be a critical element of the overall U.S. policy agenda in the region. MEPI will help provide the foundation upon which progress in all areas, in particular the reconstruction of Iraq and progress toward Arab-Israeli Peace, can be sustained.

The Department requests \$150 million for the MEPI in FY 2005 and will allocate funds in ways that reflect the joint State/USAID review of assistance programs in the region. Approximately \$130 million in FY 2005 funds will be used to support ongoing MEPI flagship projects, such as the Middle East Free Trade Area (MEFTA) and the Middle East Finance Corporation (MEFC). This funding also will be used to expand projects, such as political party and legislative strengthening, Partnership Schools, and the Middle East Foundation. The remaining \$20 million will be used to implement new projects that respond to urgent needs and reform opportunities in the region. Each MEPI project will continue to have a public diplomacy component to ensure regional recognition of U.S. efforts.

- The economic reform pillar will receive \$49 million. These funds will advance financial sector reforms and efforts to move toward market economies. They also will provide trade-related technical assistance and support for private entrepreneurs across the region. Flagship programs in economic reform include trade technical assistance in support of the President’s U.S. Middle East Free Trade Area (MEFTA); the Partnership for Financial Excellence (PFE), the Commercial Law Initiative, the Middle East Finance Corporation (MEFC), and the Middle East Entrepreneur Training (MEET U.S.).
- To support political reform, MEPI will dedicate \$45 million to building up political participation, promoting democracy and the rule of law in partner countries, and endowing a Middle East Foundation. MEPI will continue to support flagship programs in election and political processes, including regional campaign schools, legislative strengthening, media reform, and legal and judicial reform. MEPI anticipates creating the Middle East Foundation (MEF) in FY 2004 and in FY 2005 plans increasingly to use the MEF to serve and support MEPI programs and goals across all four pillars. The Foundation will focus on locally sustainable projects that can bring about positive change at the grassroots level.
- MEPI also will devote \$45 million to education reform, emphasizing access, quality, and skills development. The bulk of the funds will support Partnership Schools, which started as an FY 2003 MEPI pilot project. These schools take a holistic approach to education and so offer an alternative to existing schools' curriculum and mind-set. MEPI anticipates that the success of these schools will

spark increased demand for quality, relevant education within reform-minded communities and countries. MEPI also will continue growing other promising education initiatives.

- The remaining \$11 million will fund projects to empower women and girls, cutting across the other three reform areas. MEPI funds will continue to go to projects that break down barriers to women's full participation in society.

Accountability and flexibility will remain defining features of MEPI. MEPI undertakes projects that move toward region-wide reform goals but that can be tailored to the needs of numerous countries. This allows for the adjustment of funding to ensure that Arab reform partners in the private sector, civil society, or government are able to achieve desired reforms. MEPI also is structured to screen, design, and manage programs directly to maximize their impact. In some cases, MEPI projects start as pilots where multi-year funding may become available once frequent performance monitoring demonstrates result. Project performance will be evaluated on a regular basis using a variety of qualitative and quantitative indicators.

Middle East Multilaterals

(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
ESF	2,900	-	2,000

After the 1991 Madrid Peace Conference (at which the bilateral track of the peace process was initiated), the U.S. constituted the multilateral track of the peace process with the establishment of five working groups: Arms Control and Regional Security, Environment, Regional Economic Development, Refugees, and Water Resources. The Middle East Multilaterals ESF program was initiated in 1995 to support the work of the multilateral track. The objectives of the program are to promote cooperation among Israelis and Arabs and to bring to bear the expertise and resources of the international community to support concrete cooperative projects. Through these projects, Israeli and Arab participants have developed strong, sustained working relationships, while working on issues of common interest and critical importance to the region. This work has helped to promote Israeli-Arab reconciliation, regional stability, and prosperity in the Middle East. The United States is able to leverage its support for the multilaterals by getting other international donors (EU, Canada, France, Germany, The Netherlands, Japan, South Korea, among others) to also support this work. As co-sponsor of the peace process, the U.S. must maintain its leadership role in the multilaterals. 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 resume negotiations, continued U.S. support for multilateral activities is essential to help build an atmosphere of trust and cooperation in the region.

In FY 2005, funds will be used to continue support for multilateral projects already underway and initiate new projects as agreed to by the regional parties. In the areas of water and the environment, two critical fields in which regional parties must work together, U.S. sponsored projects will continue to focus on cooperative activities that support and complement the parties' bilateral contacts. These projects are focused largely on Israel, Jordan, and the Palestinians, with additional participation in a few projects by Egypt, Tunisia, Morocco, and Oman. FY 2005 will be directed to new and ongoing initiatives in areas such as water data banks, public awareness and water conservation, water information networks, desalination, watershed monitoring, irrigation management systems, and dryland management. The Refugee Working Group, working closely with the bilateral donors and the United Nations Relief and Works Agency (UNRWA), exerts a stabilizing influence in the Middle East by helping coordinate humanitarian assistance to more than 3 million Palestinian refugees. FY 2005 funds will be used for continued support of a scholarship fund for Palestinian Refugee Women. The Arms Control and Regional Security (ACRS) Working Group plays a vital role in reducing tensions in the region by bringing together Arab and Israeli security experts to discuss issues of mutual concern. FY 2005 funds will be used to support ACRS Track II workshops and seminars that focus on various issues, such as regional security and economic development, affecting the region. Participants include government officials, business executives, journalists and academics from the Middle East and elsewhere. FY 2005 funds also will support other programs not directly linked to the multilateral working groups that promote Arab-Israeli ties, such as: the Middle East Cancer Consortium; a regional seismology working group; non-governmental organizations espousing tolerance and coexistence; and groups promoting economic partnerships.

One clear measure of success of the Multilaterals program is that despite the last three plus years of the Intifada and the concomitant political stalemate in the region, the regional parties (especially Israel, Jordan, and the Palestinians) have remained strongly committed to the multilateral activities. The Middle East Regional Cooperation (MERC) program (another ESF program), which is an unsolicited grants program for Israeli-Arab cooperation, is complementary to the Multilaterals program.

Middle East Regional Cooperation

(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
ESF	4,900	5,467	5,000

Congress initiated the Middle East Regional Cooperation (MERC) Program after the 1979 Israel-Egypt Camp David Accords. The program fosters mutually beneficial technical cooperation between experts from Israel and its Arab neighbors. While initially limited to Israeli-Egyptian cooperation, since 1992, the program has expanded to include participation by experts from Morocco, Jordan, Tunisia, Lebanon, and the Palestinians. MERC-supported projects promote and strengthen Israeli-Arab ties by demonstrating that peaceful cooperation can yield tangible benefits for all involved. 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 more academic and non-governmental organization (NGO) experts. Unlike the Multilaterals Program, which is directed primarily toward participating governments as part of the multilateral peace process, MERC encompasses a wider variety of groups and organizations outside of the formal multilateral setting. MERC is a highly competitive program that provides grants based on unsolicited research project proposals from diverse groups, including universities, NGO's, and government laboratories. Continued strong U.S. support for MERC is important to help ensure that Israeli-Arab cooperation is as broadly based as possible.

Despite the conflict in the region, the number of joint Arab-Israeli projects funded by MERC has continued to increase. At present, over thirty MERC- projects are active, a number that is triple the total of just five years ago and higher than at any time in the program's history. Interest among applicants remains strong, with a doubling in the number of applications in the current competition cycle versus the previous year. MERC- projects are producing technical accomplishments in a wide variety of fields. In FY 2003, a joint Israeli-Moroccan project overcame a major obstacle in the almond industry by being the first to obtain efficient rooting of in vitro propagated almond tissue. Several Arab-Israeli human health projects are in various stages of establishing and implementing joint monitoring networks in the Middle East to track a wide variety of health threats such as cancer, hepatitis, and substance abuse. A joint Israeli-Jordanian-Palestinian study on water quality along the Jordan River changed the understanding of the source of the salts in the river, and a second phase of the project is currently underway to quantify the contribution of the groundwater to the total salt load in the river. MERC- projects are also demonstrating sustainable collaboration and development impacts lasting beyond the funding from the program. The Jordanian and Israeli governments have agreed to manage joint environmental monitoring of the northern Gulf of Aqaba established under a recently completed MERC project. After artificial-wetland wastewater treatment technology developed by a Palestinian-Israeli-Egyptian partnership was successfully demonstrated in a West Bank village, the Palestinian partners report that there is interest from neighboring communities in adopting the technology, as well as the potential for contributions from other donors to build facilities.

The FY 2005 ESF request will be used to fund projects 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 continue to focus on increasing productivity of livestock and crops, while health projects will address issues such as emerging infectious diseases and other health threats on the increase in the Middle East. Given the importance of water in the Middle East, with its scarcity in particular having serious economic and environmental impacts in the region, MERC projects will continue to support projects addressing key water issues such as effective water management, wastewater treatment, and desertification prevention.

Multinational Force and Observers

(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
PKO	16,212	16,303	16,500

The Multinational Force and Observers (MFO), an independent civil/military international organization, is a critical component of the Egyptian-Israeli Peace Treaty, which in turn is a fundamental element of regional stability. The MFO monitors treaty compliance and provides an effective liaison system between the Israeli and Egyptian defense forces. Attaining a comprehensive peace between Israel and all of its neighbors is a fundamental U.S. goal and critical to protecting U.S. security interests in the Middle East. The Egyptian-Israeli Peace Treaty and its security arrangements, monitored by the MFO, are cornerstones of U.S. efforts to attain such a peace.

The United States has a firm political commitment to provide one-third of the annual MFO operating budget, with the other two-thirds provided by Israel and Egypt. These funds will be used to fulfill that U.S. pledge by financing MFO operating expenses. 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 demonstrated by the continued compliance with the treaty and the excellent cooperation between Egyptian and Israeli officials in the treaty's liaison system.

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SOUTH ASIA

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Afghanistan
(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
CSH	45,975	21,000	22,000
DA	43,817	150,000	150,000
ESF	49,500	74,558	225,000
ESF-ERF	-	153,000	-
ESF-REIMB	175	-	-
ESF-SUP	167,000	672,000	-
FMF	21,000	49,705	400,000
FMF-ERF	-	77,000	-
FMF-SUP	170,000	287,000	-
IMET	387	600	800
INCLE	-	-	90,000
INCLE-ERF	-	50,000	-
INCLE-SUP	-	170,000	-
NADR-ATA	1,438	7,138	6,000
NADR-ATA-ERF	-	10,000	-
NADR-ATA-SUP	25,000	35,000	-
NADR-EXBS	80	230	250
NADR-HD	5,300	11,400	10,200
NADR-HD-SUP	3,000	-	-
NADR-SALW	-	-	1,000
P.L. 480 Title II	47,356	-	-
PKO	9,898	-	24,000

Ensuring that Afghanistan becomes a stable, democratic state will continue to be a top U.S. national security priority in FY 2005, critical to both regional stability and to success in the global war on terror. With the Constitutional Loya Jirga completed and elections slated for 2004, we must help develop the capacity of the newly elected government to pursue democratic and economic development in 2005. U.S. assistance, in coordination with the Afghan Government and international partners, will continue to focus on three interlocking objectives: improved security, development of democratic governance, and reconstruction. In FY 2005, U.S. assistance will sustain and build on FY 2004 accelerated assistance by: expanding security with accelerated military and police training, judicial sector reform, and a robust counternarcotics strategy; establishing broad-based and accountable governance through new democratic institutions and an active civil society; delivering a peace dividend for ordinary Afghans through economic reconstruction; and providing humanitarian assistance for returning refugees and displaced persons as needed.

Establishing security is a prerequisite for reconstruction and stability in Afghanistan. The United States leads the international effort to train and equip the Afghan National Army (ANA), which is crucial to both long-term Afghan security and U.S. counterterror efforts. The Afghan Government still lacks funds to replace destroyed infrastructure and to provide basic equipment, fuel, supplies, food and munitions for its military, or to provide pay and benefits consistently. While coalition partners have provided substantial help with some requirements for training and equipping, their assistance has not been sufficient to meet

anticipated needs for the 15 ANA battalions trained thus far. The United States has already trained approximately 6,000 ANA troops of a projected force of up to 70,000.

In FY 2004, U.S. assistance began an accelerated ANA train and equip program to expand immediate security and reduce long-term costs by compressing our seven-year program into five years. With the accelerated funding we plan to complete training and equipping the ANA Central Corps and begin establishing the first Regional Corps headquarters in Kandahar. FY 2005 Foreign Military Financing (FMF) funds will be used to sustain accelerated training of new battalions, provide additional infrastructure, sustain trained battalions, and provide higher unit-level training for established battalions. FY 2005 FMF will also be used to provide: individual and unit equipment, including logistic, maintenance, and medical systems; communications and transport equipment; and infrastructure, such as barracks and unit facilities. Peacekeeping Operations (PKO) funds provide salaries for all of the ANA soldiers in training and upon graduation, and support regional recruiting centers throughout the country. As the number of trained ANA soldiers increases, FY 2005 PKO funds are requested to help cover the costs of ANA soldier pay, training, and benefits, as well as pay and benefits for soldiers in functional support institutions and for selected officials in the restructured Ministry of Defense/General Staff. FY 2005 International Military Education and Training (IMET) funds will be used to increase ANA military officer and civilian leadership, professional and functional management, and English language capabilities. Afghanistan will be eligible in FY 2005 to receive grant Excess Defense Articles (EDA) under section 516 of the Foreign Assistance Act.

Establishing a professional national police force of 50,000 by December 2005 is another critical component of Afghan security. The United States is working with Germany, the lead nation for police training in Afghanistan, to train new police officers. The United States has multiplied training capacity by creating a training center that has trained more than 1600 graduates in basic police skills, including international human rights standards. The United States also established a communications system linking all 32 provinces to the Ministry of Interior in Kabul, established an ID card system and personnel database, and provided personal equipment, uniforms, and pay and benefits for police officers. With accelerated funding in FY 2004, we have committed to train nearly 20,000 new police officers by June 2004. FY 2005 International Narcotics Control and Law Enforcement (INCLE) funds will be used to train the remaining 30,000 national police, border police, and highway patrol officers needed by December 2005. FY 2005 INCLE funds will also address equipment and infrastructure needs, including further development and maintenance of law enforcement communications and management systems, enhancements to police physical plant and infrastructure, personnel support (salaries), support for fixed crossing point infrastructure, establishment of a system for monitoring immigration procedures and controls, and developing capacity to conduct interdiction operations and investigations of crimes along the border. Additionally, funds will help develop capacity for border police support for customs functions and will support refurbishment and construction of barracks and checkpoints. FY 2005 INCLE funds will also be used to:

- modernize the Afghan criminal justice sector through: infrastructure development;
- train for judges, prosecutors, and defense attorneys on legal and administrative skills, criminal procedure, modern law enforcement methods, and domestic and international law;
- strengthen institutional capacities with advice on legal drafting, code modernization, and implementation of laws;
- professionalize justice sector personnel by focusing on law schools, encouraging the establishment of a national bar association, and promoting qualifications for judges; and
- improve access to justice programs, including legal aid clinics and reintegration of women judges and attorneys into the legal sector.

Finally, FY 2005 INCLE funds will be used to continue the three-fold counternarcotics effort begun in FY 2004, which integrates alternative development, targeted poppy eradication, and security and law

enforcement efforts. Programs will include continued support for the Afghan Government's aggressive and expanded poppy eradication plan, cash-for-labor infrastructure projects to provide alternative sources of income and assistance to develop licit crops, public awareness programs on drug abuse, and training to build counternarcotics law enforcement and border control capacity.

The United States has successfully trained an indigenous Afghan Presidential Protective Detail for President Karzai with Non-proliferation, Anti-terrorism, Demining, and Related Programs/Anti-Terrorism Assistance (NADR/ATA) funds. This team is now being integrated into the Karzai Protection Detail. FY 2005 NADR/ATA funds are requested to transition from the basic formation of a detail to enabling a U.S. advisory role, as well as to provide advanced training for detail members. We also expect to provide in-country Crisis Management training at Camp Watan, the ATA training facility in Kabul.

FY 2005 NADR/Demining (NADR/HD) funds are requested to extend landmine eradication to new areas, meeting humanitarian objectives while facilitating resumption of economic activity and reconstruction. NADR/HD will continue its focus on technology skills transfer; capacity building; and mine risk education for Afghan non-governmental organizations. FY 2005 NADR-Small Arms/Light Weapons (NADR/SALW) program funding is requested to recover and destroy illicit weapons in Afghanistan, including Man-Portable Air Defense Systems (MANPADS).

FY 2005 NADR/Export Control and Related Border Security Assistance (NADR/EXBS) funding is requested to assist Afghanistan in strengthening its export/border control system to prevent smuggling of items of proliferation concern. The NADR/EXBS program organizes expert-level exchanges addressing subjects such as establishing the legal/regulatory framework to control transfers of weapons and related items, and to enforce such controls at the border. The NADR/EXBS program also provides inspection and detection equipment and training such as hand-held radiation-detection devices.

The December 2001 Bonn Agreement laid out a plan to establish a broad-based, effective, and accountable government in Afghanistan. In accordance with the Bonn Agreement, Afghanistan successfully adopted a new constitution, and presidential elections are planned for 2004. Economic Support Fund (ESF) resources were instrumental in supporting the Constitutional Loya Jirga (CLJ) process, ensuring the safety of all delegates from the selection process through the conclusion of the CLJ. ESF also supported voter registration and moderate political party development and, as of December 2003, provided \$53 million in support to the Government of Afghanistan. FY 2005 ESF will be used to continue support for the Bonn Process, including remaining election costs; training elected government officials; civil society development at the national, provincial, and local level; strengthening nascent political parties; promoting human rights; fostering civil service reform; and promoting independent media development. Support needs for the Government are expected to decrease during FY 2005 as Afghan domestic revenue collection increases, but there will remain a need for U.S. support in FY 2005. ESF will also assist the Government with budget support, infrastructure, and development of revenue generation.

Approximately half of Afghanistan's 26.8 million people are unemployed and live in poverty. Virtually all of the country's institutions and much of its infrastructure have been destroyed. To help assure stability, the newly elected government must demonstrate a concrete and immediate economic "peace dividend" flowing from the Bonn Process. A portion of the requested FY 2005 ESF and Development Assistance (DA) funds will be used to build roads and critical infrastructure including: completion of the Kandahar-Herat leg of the Kabul-Kandahar-Herat highway; construction and repair of secondary and major farm-to-market roads; tunnel and bridge repair; repair of dams and irrigation systems and telecommunications networks; and improving power generation and transmission. Previous ESF funds have supported major infrastructure projects, including completion of the first layer of paving on the Kabul-Kandahar road, the reopening of the Salang tunnel connecting the North and South, and the repair of a dam supplying electricity to Kandahar and surrounding provinces. FY 2005 ESF and DA funds will also support private sector initiatives, such as

market centers and industrial parks, customs clearinghouses, credit and capacity building for small and medium enterprises, and economic governance capacity building. Additional ESF funds will support programs essential to long-term stability, including the continuation of Disarmament, Demobilization, and Reintegration (DDR) of Afghan militias and continued funding for Provincial Reconstruction Team (PRT) projects to extend reconstruction into difficult areas.

Agriculture and the rural economy provide a way of life for between 60 to 70 percent of the Afghan population. FY 2005 DA is requested to help farmers re-establish production, become more profitable and efficient, and improve food security. The Rebuilding Agricultural Markets Program (RAMP) will be completing the third year of a three-year program in FY 2005. The program is designed to build the capacity of private sector input dealers to meet demand through business and marketing skill development. It will also strengthen enterprise capacity to produce and process farm output, and provide value-added processed products to consumers in regional and international markets. RAMP focuses intensively on a few (three to five) agricultural sub-sectors with the objective of assisting those sub-sectors to achieve greater productivity, quality, and comparative advantages. Due to RAMP initiatives and an increase in rainfall, during the first year of the program crop production increased by 82 percent over the previous year. In addition, agricultural programs provided employment for local Afghans, rehabilitated water systems, and promoted alternative crops in poppy-growing areas. Credit programs for operating and investment capital will support production and processing activities. DA-funded rural development programs include: rehabilitating the irrigation sector and providing tools, agricultural equipment, fertilizer, livestock vaccines, and seed for planting; improving access to markets through rebuilding rural roads and bridges; and establishing a credit facility to address the problem of Afghanistan's heavily indebted small farmers.

Additional DA funds will be used to help ensure that every child in the country has access to primary education (grades 1-6) through community-based school construction, as well as textbook production, classroom-based teacher training, and primary school equivalency/accelerated learning. With respect to school construction programs, resources will be directed to areas with low girls' enrollment in order to maximize our investment. In 2003, the United States distributed more than 11 million textbooks and 30,000 teacher-training kits and reconstructed 85 schools. A portion of FY 2005 DA will also support the third year of Sustainable Economic Policy and Institutional Reform Support (SEPIRS) program that will facilitate private sector growth and foreign investment, including, in part, support for the Ministry of Finance and a Central Bank, that will mobilize resources for the Government to become self-financing through transparent and accountable government structures and procedures. The program is designed to facilitate maximum responsiveness to the emerging executive, legislative, and judicial governance structures in Afghanistan, thereby supporting the priority U.S. objective of promoting a rapid and sustainable reconstruction and recovery effort that will improve the living conditions of the population.

Health services are another critical "Bonn dividend." Afghanistan's child mortality rate is among the highest in the world. One of every four Afghan children dies before the age of 5, and adults face a life expectancy of 46 years. Continued Child Survival and Health (CSH) funds will be needed in FY 2005. The Rural Expansion of Afghanistan's Community-based Health (REACH) project, which is designed to bring primary health care services to approximately 11 million Afghans, will be completing its third year in FY 2005. This project includes building or reconstructing large numbers of local primary health care centers, training midwives and traditional birth attendants, immunizing Afghans against childhood diseases, developing a public health education program, utilizing the capacity of radio broadcasting to provide health training and health promotion across the nation and, in partnership with the Ministry of Public Health (MOPH), developing a sustainable foundation for a nationwide health care system that will introduce concepts of cost recovery and privatization. By December 2003, the United States had begun construction of 78 rural health clinics, and had worked with the MOPH to increase the availability of health care nationwide.

Over 2.5 million refugees have returned to Afghanistan since 2001. Although refugee returns are expected to be lower than previous years in Afghanistan, large numbers are still expected to continue to return home in 2005. FY 2005 Migration and Refugee Assistance (MRA) is requested to provide critical humanitarian assistance for Afghan returnees through the United Nations, other international organizations, and NGOs. FY 2005 emergency food aid requirements, should they be needed, will continue to be addressed by P.L. 480 Title II sources, as in FY 2004.

Finally, as in previous years, assistance to Afghan women and girls is a strong crosscutting objective, pursued through democracy and governance, agriculture, economic development, education, health, and private sector and humanitarian support programs. Since the fall of the Taliban, the U.S. Government has implemented over 175 projects directly in support of Afghan women and many more that benefit all Afghans, including building the first women's resource center in Kabul, providing accelerated learning courses to more than 7,000 girls, and maternal health care benefiting 1.2 million women and children. A significant portion of FY 2005 ESF, DA, and CSH funds will be directed specifically at programs to assist women and girls, including:

- democratic institution building, legal capacity strengthening, women's political leadership and participation, and media training;
- income-generating projects, microfinance projects, job skills training, job creation, marketing skills, and technical support for textile projects;
- construction and rehabilitation of schools, provision of schoolbooks and supplies, and food rations as incentives for families to send their daughters to school;
- construction of women's wings in hospitals and dormitories for female medical students;
- curriculum development and training for doctors and health care workers; and
- maternal and child health and nutrition.

Bangladesh
(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
CSH	27,600	36,000	36,300
DA	21,391	18,850	19,187
ESF	4,000	4,971	5,000
IMET	772	800	900
P.L. 480 Title II	38,577	18,238	46,000
Peace Corps	1,248	1,575	2,133

It is in the U.S. interest to assist Bangladesh, the eighth most populous country and one of a handful of moderate Islamic democracies, to meet steep political and economic challenges. Bangladesh remains hampered by strong political divisions and corruption issues. The economic challenges that lead to extremism – poverty, lack of education, and endemic corruption, combined with porous borders and lack of public faith in elected government – have increased the attractiveness of radical alternatives. Bolstering democracy and advancing sustainable development in Bangladesh is, therefore, essential to promoting stability and preventing the future spread of terrorist activity in South Asia.

FY 2005 Economic Support Funds (ESF), Development Assistance (DA), and Child Survival and Health (CSH) requested for Bangladesh are each key to battling corruption and curbing the growth of fundamentalism by improving citizen advocacy and government transparency and responsiveness, while advancing sustainable economic development and reducing poverty.

Good governance is a prerequisite for sustainable, democratic development in Bangladesh. FY 2005 DA for democracy is requested to: intensify anticorruption efforts begun in FY 2003; support political party reform to help overcome divisiveness and improve accountability; help level the political playing field for the upcoming 2006 elections through technical assistance and sub-grants to NGOs increasing citizen awareness of elected government at all levels; build advocacy skills; and promote human rights. FY 2005 ESF will complement these efforts through additional support for political party reform.

U.S. support has helped establish a government anticorruption strategy and assisted Transparency International (TI) to increase government accountability, resulting in TI's attracting an additional \$6 million from donors to expand its efforts. Funds have supported the establishment of a decentralization debate at the local level and established the Municipal Association of Bangladesh. DA funds supported an NGO that assisted the return of 52 trafficked women, children, and men, and aided in the arrest 76 trafficking suspects and conviction of 15 traffickers.

FY 2005 DA is also requested to help diversify the economy and accelerate economic growth, particularly in the information, energy, and technology sectors, through technical assistance and training to promote and develop more market-oriented policies, laws, and regulations. FY 2005 DA funds will be used to improve productivity and competitiveness of small enterprises in targeted sectors. U.S. support for energy reform efforts focuses on establishing the Energy Regulatory Commission and aims at reducing corruption. DA-funded technical assistance will help establish community-based natural resource management capacity for open water and tropical forest resources, provide assistance in food security policy, and promote agricultural diversification to increase food availability. These goals will primarily be met through agricultural research (including ESF-funded activities in biotechnology and biosafety) and agricultural extension projects (including assistance to family-run farms).

U.S. assistance has supported the growth of market-oriented policies and practices. DA programs have helped to increase exports and sales/earnings for assisted businesses to over \$65 million. DA assistance also resulted in sales growth for agriculture. Improvements in water management include floodplain management and 66 new fish sanctuaries. In addition, U.S. assistance increased natural gas production and electrification. With U.S. support, a draft Secured Transaction law is under review by the Law Commission, and a draft Information Technology law is under review by the Ministry of Science and Information and Communications Technology. A portion of FY 2005 ESF will be used to help map and alleviate the problem of arsenic contamination of well water (which affects as many as 28 million Bangladeshis), and to fund arsenic-related research in a variety of health and food related areas. Progress in arsenic research will help find the most appropriate and cost effective mitigation measures. ESF funds will also support cooperative research in biotechnology and seismic mapping that will contribute to national disaster preparedness. Additionally, ESF funds will support banking supervision and assistance to the Central Bank and information and communications technology development.

Finally, FY 2005 DA will be used to improve early childhood and primary education. Assistance will increase early childhood development opportunities including through a new Sesame Street Bangladesh co-production; promote innovative learning methodologies; and expand community and family involvement in schools to strengthen demand for educational opportunity. FY 2003 funding helped improve the education of more than 40,000 students in 337 primary schools and 72 preschools; created a “reading buddy” program (in which fourth and fifth graders mentor first and second graders in reading and math), and created after-hours “learning camps” serving more than 14,000 students.

FY 2005 CSH funding targets essential reproductive and maternal health care needs. Bangladesh remains one of the poorest and most populous countries in the world with nearly half of its 133 million people living below the national poverty level of \$1 per day. CSH assistance will improve the availability of health care through continued support for local NGOs that provide health services to more than 20 million Bangladeshis, most of whom are women and children. USAID’s NGO Service Delivery program is a model for expanding the role of the NGO sector and is being looked at by other donors. CSH funds will also provide limited assistance for HIV/AIDS prevention through behavior change in high-risk groups. In addition, CSH funds, through a grant to the World Health Organization, will provide limited support for polio eradication activities in urban areas.

FY 2005 International Military Education and Training (IMET) funds will be used to strengthen our relationship with the Bangladeshi military and ensure that it remains apolitical, which is critical to this fragile democracy. IMET assistance will continue the professional development of Bangladeshi military officers who respect civilian rule of law and who will have influence in shaping their respective services. This assistance will also: further develop Bangladesh Armed Forces’ peacekeeping skills (Bangladesh is the world’s largest contributor to international peacekeeping operations); pay for U.S. training for officers to serve as instructors at Bangladesh’s regional Peacekeeping Center; and enhance interoperability of U.S. and Bangladeshi forces during international peacekeeping and humanitarian assistance missions. Bangladesh will be eligible in FY 2005 to receive grant Excess Defense Articles (EDA) under section 516 of the Foreign Assistance Act.

India
(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
CSH	47,438	48,300	43,400
DA	34,495	25,739	25,400
ESF	10,500	14,912	15,000
IMET	1,000	1,250	1,400
NADR-EXBS	1,000	685	685
P.L. 480 Title II	44,849	20,218	44,849

The United States continues to strengthen its strategic partnership with India, an emerging global power and the world's largest democracy. The United States' partnership with India spans multiple strategic and programmatic fronts, and will continue the further expansion of its military, political, and economic relationships through the U.S.-India Defense Policy Group, the U.S. -India Economic Dialogue, the U.S.-India Counterterror Joint Working Group, and through sharing views on important international issues. Working through the High Technology Cooperation Group, the United States and India also plan to expand high technology trade. Consistent with U.S. national laws, regulations, and international nonproliferation commitments, we plan to increase cooperation in civilian nuclear and space areas, and encourage India, through bilateral dialogue and technical export control cooperation, to align its export controls with international standards and stem onward proliferation. The United States and India also continue their cooperation in health, science, disaster management, and environmental issues.

FY 2005 Economic Support Fund (ESF) funds for India will enable high-profile initiatives that target India's most challenging economic problem – ballooning fiscal deficits – and areas that contribute to civil unrest. Given India's size, programs will operate initially in a limited number of localities before expanding their scope. The FY 2005 ESF request for India has several components. First, a finance-for-investment component will support state fiscal reforms to reduce deficits that restrict social sector funding. Funds will support efforts to improve management systems and to increase efficiencies to capture new resources needed for health, education, and physical infrastructure improvements. Concurrently, new capital markets that can fund infrastructure investments and attract direct foreign investment will be deepened and regulated. Prior year ESF funds have assisted the Securities and Exchange Board of India to establish a new division to enable it to meet emerging and future regulatory challenges; create a framework for the testing and licensing of securities market intermediaries; and develop a database of certified securities market intermediaries. Second, a disaster mitigation management initiative will assist national, state, and local systems in their preparation for and response to costly natural or man-made disasters by installing cutting-edge disaster management systems and equipment. Third, an infrastructure-for-growth component will partner with local municipalities to help implement local plans to improve power sector distribution, as well as create opportunities for water and urban infrastructure finance. Funds for this component will support reforms that open infrastructure to private investment, thereby increasing municipalities' access to India's capital markets, improving cost recovery, and extending sustainable, quality services. With support from prior year ESF funds, the states of Tamil Nadu and Karnataka were able to develop the financing needed for water and sanitation projects. Finally, an education and opportunity component focusing on women, minorities, and out-of-school youth will provide practical training to enhance job options.

U.S. Development Assistance (DA) programs help ensure that the economic aspect of our partnership moves forward with the same vigor as other elements, provide direct support for Indian-generated reforms essential for economic stability, and promote economic reform and growth in areas where U.S. enterprises are well positioned to compete, such as power generation and distribution. FY 2005 DA funds will support

ongoing macroeconomic growth initiatives, including programs that aim to increase the capacity of financial markets, strengthen state-level fiscal discipline, and help local and national governments raise and allocate resources. Investments in agriculture activities are expected to increase the private sector's share in food grain marketing and ultimately decrease selected agricultural subsidies. DA will be used to provide financial support to the United Nations Development Program's Natural Disaster Risk Management activity which seeks to mainstream disaster risk management at all levels by focusing on strengthening governmental and institutional capacities to provide multi-hazard risk management and sustainable recovery plans at the community and district levels in hazard-prone states. The DA program to increase environmental protection focuses on improving power distribution, groundwater management, and urban water availability and sanitation. The DA-funded social and economic opportunities for vulnerable people program includes the following components: improved access to quality education for vulnerable children; better access to justice for women; and new and expanded social and economic opportunities for vulnerable people.

FY 2005 Child Survival and Health (CSH) funds are requested to increase the use of reproductive health services, prevent HIV/AIDS and other infectious diseases, promote child survival, and improve access to and availability of TB treatment. We will continue CSH-funded activities to improve reproductive and child health services with an emphasis on developing models of appropriate engagement between the public and private sectors. The HIV prevention program will be expanded by adding new activities to address special needs such as: children affected by AIDS, improved HIV surveillance through laboratory strengthening and training, and models for voluntary testing and counseling and care and support. The FY 2004 Child Survival Intervention activities will continue with planned expansions in the areas into urban environs where poor, migrant, slum-dwelling populations exhibit high rates of mortality and morbidity due to childhood diseases, HIV and TB. CSH will be used to expand its current support for model TB delivery and research in Tamil Nadu and for Directly Observed Therapy Short course (DOTS) delivery in Haryana. Finally, innovative links to the private sector medical community and testing of a new TB diagnostic will be explored.

FY 2005 International Military Education and Training (IMET) funds requested will focus on exchange programs to enhance familiarity with each other's armed forces, strengthen professionalism, and facilitate cooperation during joint exercises and strategy discussions. These funds will nurture the close partnership we are forming with India. India will be eligible in FY 2005 to receive grant Excess Defense Articles (EDA) under section 516 of the Foreign Assistance Act.

FY 2005 Nonproliferation, Anti-terrorism, Demining, and Related Programs/Export Control and Related Border Security Assistance (NADR/EXBS) funds are requested to continue activities to assist India in bringing its export controls in line with international standards. These funds will build on completed and currently scheduled expert-level exchanges addressing subjects such as legal/regulatory reform, licensing automation, and customs enforcement.

Maldives

(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
IMET	139	175	175

The Government of Maldives supports U.S. strategic goals in the region and globally, including the global war on terrorism, and continues to provide access to ports, landing fields, and airspace in support of U.S. missions. 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, terrorism, and the environment. Absent a U.S. mission in Maldives, engagement continues through regular diplomatic exchanges managed by the U.S. Embassy in Sri Lanka, through the International Military Education and Training (IMET) programs, and through South Asian regional programs.

FY 2004 IMET funding sent a limited number of Maldivian officers and non-commissioned officers to military and technical schools in the United States. FY 2005 IMET funds will continue these military educational opportunities, with the purposes of further professionalizing the Maldivian military; fostering increased awareness of human rights concerns and proper civilian-military relations; and building positive military relations to enhance existing cooperation with the United States. IMET is particularly significant to our bilateral relationship with Maldives because it is our only foreign assistance to this moderate Islamic nation, which seeks closer ties to the United States.

Nepal

(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
CSH	19,899	24,840	23,350
DA	10,247	11,274	11,000
ESF	4,000	4,971	5,000
FMF	2,950	3,975	1,000
IMET	500	600	650
Peace Corps	2,624	2,505	2,887

Nepal is struggling with the dual challenges of revitalizing and cementing a fragile, young democracy, while fighting a violent Maoist insurgency that has left over 8,000 people dead. Strengthening Nepal to prevail against the growing Maoist threat is key to achieving U.S. regional and bilateral goals, including preventing the spread of terror, enhancing regional stability, promoting democracy, and protecting U.S. citizens in Nepal. Maoist insurgents employ widespread violence, torture, assassinations, and kidnappings aimed at overthrowing the constitutionally established Government. If left unchecked, the conflict could threaten regional stability and provide a breeding ground for international terrorists. In assisting the Government to contain the insurgency, the United States helps show the Maoists that they cannot achieve their goals through violence and must negotiate a settlement.

Ordinary Nepalis are increasingly frustrated that the popular democratic reform of 1990 has not yet been translated into improvements in their lives, which is an underlying factor contributing to the Maoist insurgency. U.S. support for Nepal's counterinsurgency consists of a multi-track approach including counterterrorism training and equipment for the military and police, targeted rural development in areas vulnerable to Maoist influence, help in strengthening weak democratic institutions, and human rights training.

By assisting the Government of Nepal to contain the insurgency, the U.S. Government helped to bring the insurgents back to the negotiating table in early 2003. After the collapse of the seven-month long ceasefire in August 2003, U.S. assistance is helping the Government of Nepal exert pressure on the Maoists to return to negotiations. Continued U.S. support will be critical in helping the Government to prevail against the insurgents, and can help reach a peaceful settlement to the conflict, preserve a democratic government friendly to the United States, and prevent the possibility of Nepal failing as a state. FY 2005 Foreign Military Funding (FMF) is requested to provide the Government of Nepal with the tools it needs to re-establish sufficient security to carry out political, economic, and development programs contributing to a long-term solution to the conflict. FY 2005 FMF will provide moderate levels of funding which, with IMET- and JCET-funded training, will help provide a growing Royal Nepal Army (RNA) with the capability to prevail against the Maoist insurgents. High priority items include M-16 rifles, grenade launchers, and M-4 carbines to outfit a new ranger battalion. Additional high priority items include night vision goggles, body armor, secure communications equipment, armor plating, and support for a Government of Nepal program to refurbish Huey II helicopters in order to address the RNA's need for improved mobility. Nepal will be eligible in FY 2005 to receive grant Excess Defense Articles (EDA) under section 516 of the Foreign Assistance Act.

The United States has refocused its International Military Education and Training (IMET) program in Nepal to address the RNA's intelligence, civil affairs, psychological operations, special forces, medical, and logistics needs. FY 2005 IMET funds are requested for training to improve the skills and professionalism of the military, including respect for human rights. IMET and FMF projects will also enhance the RNA's

considerable contributions to international peacekeeping operations. FY 2003 IMET funding trained 73 RNA officers.

The Maoist insurgency and consequent increase in government military expenditures have significantly set back economic and political development and reforms. FY 2005 Economic Support Fund (ESF) will address the underlying causes of the insurgency in areas vulnerable to Maoist control. FY 2005 ESF programs focus on ameliorating the suffering of conflict-affected individuals and communities, strengthening capacity for conflict resolution and peace building, and increasing income opportunities through: employment-generating infrastructure projects; providing support services to victims of the conflict; assisting the Government's negotiation efforts, and civil society's efforts to address the conflict through community peace-building projects; and enhancing community capacity to resolve disputes and participate in local governance. Programs will be flexible enough to allow continuance whether or not a violent conflict is in play. To address immediate needs, ESF will fund highly visible community-identified rural infrastructure projects that generate short-term employment and reflect local priorities. Longer-term income-generating programs such as credit programs, literacy and numeracy training, and support for improved agricultural practices will also be provided. In addition, ESF will be used to fund anticorruption and justice sector reform programs. FY 2003 ESF funded a road construction project that employed approximately 600 people in an area where non-farm income is scarce. FY 2003 ESF funds also provided training on election campaigning and leadership skills to approximately 7,000 politically active women, resulting in many women occupying key positions within their parties. In addition, coalitions of women were formed that were able to get commitments from their parties to increase the percentage of female candidates from 5 percent to 30 percent in the next elections.

Development Assistance (DA) and Child Survival and Health (CSH) funds requested for FY 2005 will complement FY 2005 ESF funds and will focus on meeting Nepal's long-term development needs in response to the Maoist insurgency. FY 2005 DA and CSH funds will be used to:

- support improved management of community forests and irrigation systems, small scale farm and forest development (including marketing), improve agricultural growth policy, and enhance public-private partnerships;
- improve and protect the health of Nepalese families by increasing access to and use of quality maternal and child health services, prevent the transmission of HIV/AIDS, and control infectious diseases;
- increase private sector participation in environmentally sound and sustainable hydropower; and
- address critical problems of corruption, poor governance, weak rule of law, and inconsistent democratic practices that slow economic development, fuel the Maoist insurgency, and erode public confidence.

In FY 2003, more than 2,300 torture victims benefited from medical, psychosocial, and legal support provided by DA funds. Over the last six years, DA has funded agricultural and natural resource programs that have benefited 1.8 million farm family members through increased incomes and employment, and has been used to strengthen community and collective action. Since 1995, when DA began funding a hydropower program, private sector investment in the power sector has increased by \$360 million and access to electricity has increased from 15 percent to 18 percent. CSH funds have contributed to a 40 percent decline in mortality for children under five over the last five years.

The work of Peace Corps Volunteers in Nepal further expands U.S. development assistance in education, health, and the environment.

Pakistan
(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
CSH	15,645	25,600	21,050
DA	34,500	42,350	29,000
ESF	188,000	-	300,000
ESF-SUP	-	200,000	-
FMF	49,500	74,560	300,000
FMF-SUP	175,000	-	-
IMET	990	1,250	2,000
INCLE	6,000	36,500	40,000
INCLE-SUP	25,000	-	-
NADR-ATA	517	3,645	6,000
NADR-EXBS	200	535	1,000
NADR-SALW	-	-	1,000
P.L. 480 Title II	6,792	5,849	-

A strong U.S.-Pakistan partnership remains critical to continued progress in the global war on terrorism and regional stability. FY 2005 security assistance to Pakistan will enhance its ability to cooperate with Operation Enduring Freedom (OEF) to eliminate al-Qaida and promote stability on its borders. Assistance supporting education, healthcare, democratization and economic development will alleviate conditions that breed extremism by helping strengthen social, political and economic institutions in ways visible to ordinary Pakistanis.

Since September 11, 2001, FMF assistance has provided or helped maintain necessary training and equipment for Pakistani forces assisting in OEF operations against al-Qaida operatives and Taliban remnants. Improved border security and control along the Pakistan border with Afghanistan is required to help win the war on terror. FY 2005 Foreign Military Financing (FMF) funds are requested to help achieve our immediate OEF goal to neutralize al-Qaida elements in the border region by providing the Government with equipment and training necessary for effective cooperation with the United States. FMF will help train and equip Pakistan Army Air Assault units to locate and target al-Qaida in remote areas where conventional ground tactics would not ensure success. FMF will fund aircraft, helicopters, night vision goggles, multi-band radios and other equipment critical to conducting operations for both ground and aviation units. Funds for P-3 aircraft for airborne surveillance and other naval weapons and surveillance systems are necessary for the tracking and interdiction of maritime drug smuggling and al-Qaida operatives. Funds may also be used to sustain and acquire additional training and U.S.-origin equipment, including fighter training, ground support equipment, and high mobility transport vehicles -- the types of systems required to enhance border security and reduce the presence of al-Qaida and Taliban remnants within Pakistan. Pakistan will continue to be eligible in FY 2005 to receive grant Excess Defense Articles (EDA) under section 516 of the Foreign Assistance Act.

FY 2005 International Narcotics Control and Law Enforcement (INCLE) funds will continue to improve the effectiveness of Pakistan's law enforcement efforts in three areas: border security, law enforcement coordination and development, and counternarcotics. INCLE funds requested for border security will enhance the capacity of law enforcement agencies in Pakistan to secure the western border from terrorists, criminal elements, and narcotics traffickers. U.S. assistance will provide: ongoing support for rotary and fixed-wing air assets based in Quetta and Peshawar; vehicles, communications, surveillance and related

equipment for border control; the establishment of a forward operating base in the Northwest Frontier Province; advanced training to improve the skills of units working on the border; and financing for the construction of new roads to facilitate law enforcement access to currently inaccessible parts of the Federally Administered Tribal Areas (FATA), a program begun in previous years. INCLE funds for border security have enabled the establishment and maintenance of a border surveillance air wing and a forward operating base in Quetta, as well as preparations for FATA road construction.

Pakistani law enforcement institutions require top to bottom reform, coordination, and capacity building to become fully effective. FY 2005 INCLE funds for law enforcement development will provide technical assistance and training to develop and implement strategic plans for law enforcement services and education; establish internal control functions; enhance capabilities of the provincial and national law enforcement academies; continue to improve the criminal investigative capacities of law enforcement personnel; equip forensics laboratories; provide appropriate vehicles and communications equipment to link police at the local, provincial, and federal levels; introduce police leadership and police supervision curricula to police training institutions; and introduce community policing concepts. U.S. programs have already begun strengthening the Ministry of Interior, Frontier Corps, Federal Investigation Agency, Provincial, and Home Departments police forces.

FY 2005 INCLE funds will also support the Pakistani Anti-Narcotics Force, including in the areas of opium poppy surveys and eradication; assist the counternarcotics courts; expand crop control programs into areas of new or expanded cultivation, and support drug demand reduction programs. U.S.- supported road construction enhanced law enforcement accessibility and increased alternative crop development in the 1990s, nearly eliminating poppy production by 2000. The Government is committed to reversing 2002 and 2003 production increases, and U.S.-assisted Pakistan law enforcement agencies in 2003 coordinated major heroin and hashish seizures and dramatically increased operations against traffickers.

The FY 2005 security assistance request for Pakistan includes International Military and Education Training (IMET) to promote military-to-military cooperation, increased professionalism, including respect for civilian rule and general interoperability between Pakistan and the United States. IMET will also help Pakistan to develop expertise and systems to manage its defense establishment effectively; build technical skills for effective operation and maintenance of U.S.-origin equipment leading to development of indigenous training capabilities on such equipment; and promote respect for human rights and subordination to democratic civilian rule. Reestablishment of the IMET program in 2002 has exposed current and future military leaders to U.S. military doctrine, management techniques and ethos.

Funding for the FY 2005 Nonproliferation, Anti-terrorism, Demining, and Related Programs/Export Control and Related Border Security Assistance (NADR/EXBS) program is requested to fund activities to assist Pakistan in preventing technology transfers that raise proliferation concerns by strengthening its export control system. The NADR/EXBS program organizes expert-level exchanges addressing subjects such as legal/regulatory reform, licensing automation, and customs enforcement. The NADR/EXBS program also provides technical equipment and training such as specialized radiation-detection and imaging machines and more general inspection/detection training for border control personnel. The U.S. program initiated in 2003 included a senior policy seminar in Washington and Pakistani customs and border control training for Pakistani personnel at the U.S.-Mexico border. Additional exchanges are planned for 2004.

The United States has had discussions with the Pakistani Government on combating the spread of Man Portable Air-Defense Systems (MANPADS). We expect these cooperative efforts to lead to a joint program in FY 2005 supported by NADR Small Arms and Light Weapons (SA/LW) funds.

The FY 2005 NADR requested for Pakistan also includes Anti-terrorism Assistance (NADR/ATA) funding to ensure that training programs being delivered to vetted, elite national police units with a national mandate

for counter-terrorism investigation and tactical operations can continue until they are fully trained and equipped. These units will be provided with additional mission-specific training to respond to and investigate acts of terror anywhere in Pakistan. The additional training will be determined by the needs identified by the ATA in-country training program, the Pakistani Government, and assessments conducted by the Department of State's Bureau of Diplomatic Security. This funding is essential to achieving a requisite level of counter-terrorism capability in Pakistan and to ensuring that such a capability can be independently sustained over the long-term.

FY 2005 Economic Support Fund (ESF) resources are requested to continue U.S. support for macroeconomic stabilization in Pakistan and to assist government education, healthcare and democratization efforts. Up to \$200 million of FY 2005 ESF funds will be provided as non-project assistance (budget support and/or debt relief) to allow the Government fiscal flexibility to carry out economic and social reforms and expand its poverty alleviation programs. Additional ESF funds will be used for programs in the education, health, and governance and economic growth sectors, complementing and multiplying the effectiveness of Development Assistance (DA)-funded programs as described below. ESF funds will also enable existing U.S. programs to expand and reach greater numbers of poor Pakistanis, leveraging the popular support needed for Pakistan's continuing cooperation with OEF. The \$600 million in U.S. budget support provided in 2001 allowed the Government to continue and even increase its social sector spending during a period of economic and fiscal crisis caused by war in neighboring Afghanistan. FY 2003 ESF reduced Pakistan's U.S. bilateral debt burden by \$1 billion, and planned FY 2004 ESF for this purpose would further reduce bilateral debt by approximately \$460 million. U.S. debt reduction and prior comprehensive donor debt rescheduling enabled Pakistan to reduce its total debt from 100 percent of GDP in 2001 to 84 percent of GDP in 2003.

Pakistan's national elections in October 2002 restored civilian government at the national and provincial levels that, over the next few years, must prove more responsive and accountable than previous civilian governments. Passage of a constitutional reform package in December 2003 cleared the way for parliament to resume operations, and an ambitious devolution program has begun to revitalize accountable local government. U.S. democracy assistance is designed to help Pakistani legislators become effective participants in the political process at the national and provincial levels, support devolution by strengthening accountable and participatory governance at the local level, and strengthen civil society, political parties, and independent media.

FY 2005 DA requested for the U.S. democracy and governance program will support informed policy analysis in the national and provincial assemblies by training legislators -- including women elected for the first time -- and by linking think tanks, consultants or university experts with legislators to help them write better laws or hold the Government accountable. DA also will support programs that strengthen district government and community capacity to jointly develop and manage community development projects; foster new leadership and accountability in issue-based civil society organizations such as think tanks and political parties; improve the effectiveness of new or small Pakistani NGOs that focus on social and economic issues at the local level; and promote national and grassroots political party reform. Finally, DA will support programs that strengthen Pakistan's emerging private radio and other independent media to assure responsible news and public debate on the radio and provide journalists and the public with ample opportunity to monitor and debate the work of their elected representatives.

A portion of FY 2005 ESF funds will further strengthen local government institutions, including through training of 40,000 new women counselors. The United States has maintained decades-long support for Pakistani civil society, trained local officials elected in 2001, and supported election monitoring and trained legislators elected in 2002. U.S. support for independent media, including support for private radio reaching illiterate Pakistanis, has enabled the creation of a station that transmits into the FATA, as well as a highly successful journalist training program at Peshawar University, and a full-production studio for

women's programming in Islamabad. U.S.-supported NGOs have conducted nationwide grassroots on policy issues and are formulating a national action agenda.

To promote grassroots support for the Government's reform efforts, as well as U.S.-Pakistani counterterrorism cooperation, DA and Child Survival and Health (CSH) programs in Pakistan are designed to provide tangible benefits for ordinary citizens, especially the poor. FY 2005 DA and ESF grassroots development programs will increase access to and availability of microcredit and microfinance services in Baluchistan, Sindh and other underdeveloped regions in Pakistan. These funds will also help small-scale farmers to improve agriculture management in drought stricken areas of Baluchistan.

Education is key to improving Pakistan's economic and political development prospects amid poor literacy and low school enrollment and student retention rates. FY 2005 DA is requested to continue a successful \$100 million five-year U.S. education program to improve the quality of education in Pakistani primary and secondary schools, especially in Baluchistan and Sindh provinces. U.S. funds are supporting non-governmental organization grants to improve early childhood education, increase parental and community involvement in schools, and ensure that teachers have adequate classroom materials. Adult and youth literacy education programs will target out-of-school youth and illiterate adult populations with a focus on women and girls. A portion of FY 2005 ESF funds will provide scholarships for future leaders of Pakistan to earn Masters degrees at U.S. universities and to increase the numbers of need- and merit-based scholarships for deserving but poor Pakistanis to study at leading local universities, including premier business and agriculture universities. DA funded programs have begun to show results in the areas of NGO-provided teacher training; rural in-service training; early childhood education; adult literacy; and community-school partnerships. These trained teachers are now using viable education/management plans.

Pakistan has a very high population growth rate, and 26 percent of children are moderately to severely underweight. FY 2005 CSH funds are requested to increase the availability of maternal and child health services, especially in rural areas; improve the quality of health care at the provincial and district level through better management of health resources; and help maintain Pakistan's low HIV prevalence rate by increasing awareness, especially among adolescents and youth. A portion of FY 2005 ESF funds will upgrade local hospitals, including burn units in district health clinics that will help save the lives of women injured in domestic disputes. These funds will also improve water and sanitation in communities throughout Pakistan.

Sri Lanka
(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
CSH	300	300	300
DA	6,150	4,750	6,624
ESF	3,950	11,929	12,000
FMF	-	995	500
IMET	307	500	500
NADR-HD	2,400	1,775	1,800
NADR-SALW	-	100	100
P.L. 480 Title II	596	2,578	-
PKO	-	994	1,000

In 2002, the Foreign Terrorist Organization-designated Liberation Tigers of Tamil Eelam (LTTE) and the Government of Sri Lanka embarked on historic peace talks following nearly two decades of civil conflict. Although formal negotiations stalled in April 2003, the ceasefire has persisted. Formal talks are likely to resume in 2004 pending resolution of a political conflict between the President and Prime Minister. A peaceful resolution to Sri Lanka's ethnic conflict could provide a model for similarly conflicted countries in and near the region. Failure could result in a resumption of hostilities leading to instability in the country and the region. The tasks of rebuilding the war-torn areas, integrating the North and East into the rest of the country, and achieving high rates of economic growth to sustain peace are enormous, and U.S. support is being closely coordinated with that of other donors. FY 2005 assistance to Sri Lanka is designed to strengthen efforts to establish peace, alleviate economic damage to and reintegrate the North and East, and assist in the reconstruction of a multi-ethnic state that can provide a model for stability in a volatile region.

To promote the peace process, FY 2005 Economic Support Funds (ESF) are requested for programs across a range of sectors as part of the Sri Lankan Government's efforts to bring relief to the war-weary populace and generate popular support for the peace process. Democracy and governance programs funded by ESF are designed to:

- reintegrate the country and will include civic education to promote civic rights and responsibilities among youth;
- provide political party development assistance to mainstream and non-mainstream political groups;
- support national and regional media training to improve the ethnically polarized media, which currently reports through a narrow ethnic lens;
- strengthen the capacity of provincial legislatures, which are especially significant for future devolution of power as part of a possible peace settlement; and
- support local mediation boards administered by the Ministry of Justice in the North and East.

ESF-funded reconstruction and reconciliation programs will include a small grants fund to keep the peace dividend alive in areas where peace skeptics might undermine the process. Benefits will include support for small-scale infrastructure and livelihoods (e.g., seeds, tools, boats, nets and short-term, demand-driven skills training) and will provide support to peace building and reconciliation efforts among diverse groups and communities. Since 2003, the small grants fund has provided 87 grants, including support for a clinic serving displaced Muslims and multi-ethnic communities on the Kalpitiya peninsula, assistance packages for resettled fishermen, reconstruction of schools and farms in Jaffna, a land-tenure survey in the Eastern Province, and a YMCA-sponsored peace-awareness workshop for local community leaders in Kallar. ESF

programs will also promote economic growth for stability by fostering competitiveness among Sri Lanka's key industries; developing trade capacity; supporting macroeconomic policy; and improving workforce competitiveness by providing entrepreneurial skills to youth. Finally, ESF also will support HIV/AIDS prevention and awareness among vulnerable populations.

Development Assistance (DA) and Child Survival and Health (CSH) funds support the Government's macroeconomic reform and anti-poverty efforts. FY 2005 DA will concentrate on enhancing Sri Lanka's competitiveness in world markets through technical assistance and training in reforming key policies, promoting increased trade, strengthening private industry clusters, enhancing the skills of the workforce, forming partnerships to protect the environment, and building strong public-private labor partnerships to increase responsiveness to private sector needs. DA funds will assist in boosting agricultural productivity through training, privatization, World Trade Organization compliance, and enterprise restructuring to restore growth and assist in expanding employment and labor productivity. Finally, DA-funded programs will support rationalizing basic financial effectiveness of a downsized government. These programs will build on achievements in previous DA-funded programs to increase the value-added to traditional commodities, increase exports, improve marketing capabilities, and create jobs.

Sri Lanka has enjoyed a long democratic tradition, yet the challenge of integrating the North and East remains. FY 2005 DA for democracy will fund programs to establish a democratic culture and peaceful dispute resolution through civic education, and expand access to legal aid for vulnerable groups. The programs, which currently support the peace process with technical assistance to civil society organizations, the media, and political stakeholders, will broaden their scope to address the root causes of the conflict. New activities will include targeted support for the constitutional commission, political party strengthening, civic education, local governance, and the rule of law. Finally, DA environmental programs will promote alternatives to costly energy in the North and East through innovative methods and technology, and will reduce high pesticide use by moving farmers to high value organic products.

The DA- and CSH-funded Humanitarian Assistance Program will continue to facilitate the social and economic reintegration of disabled civilians, children, and young people affected by conflict, as well as victims of torture and violence. This program strengthens the abilities of Sri Lankan institutions to meet the social service needs of these groups. Utilizing the Leahy War Victims Fund, Sri Lankan disability service organizations will be able to provide improved artificial limbs, orthotics, and wheeled mobility devices to the disabled. This assistance will help improve rehabilitative care and train Sri Lanka's first class of internationally certified Prosthetist/Orthotists, introduce polypropylene limb technology, support advocacy efforts, and provide limited employment training for disabled civilians. CSH funds will continue to support local and national organizations that implement community-based efforts to address specific threats to children, such as child recruitment and physical or sexual abuse. CSH will also serve children recovering from the traumas associated with displacement and war through drama, structured play, and educational activities. In addition, the Humanitarian Assistance Program will begin to support a number of local organizations for torture survivors and design a small-scale targeted HIV/AIDS prevention and awareness program for particularly vulnerable populations.

Senior Sri Lankan officers strongly support U.S. strategic goals and programs. Sri Lanka continued to grant blanket overflight and landing clearance to U.S. military aircraft in 2004, routinely grants access to ports by U.S. vessels, and hosted two major U.S.-sponsored engagement programs in FY 2004. FY 2005 Foreign Military Financing (FMF) and International Military Education and Training (IMET) funds will further strengthen our military-to-military relationship. FY 2005 FMF supports: maritime surveillance and interdiction equipment to enable the Navy to monitor and interdict ships transporting weapons, terrorists, and other illegal cargo; military communications and mobility equipment to help the army to conduct humanitarian assistance projects and participate in UN peacekeeping missions; improvements to defense and intelligence establishments; and equipment for basic soldier safety and survivability.

FY 2005 IMET is requested to assist in professionalizing the Sri Lankan military at U.S. military training institutions and through mobile training teams. FY 2003 IMET funding for Sri Lanka sent 12 officers to professional military and technical schools in the United States. Continued IMET funding will help build the capabilities and competencies of officers necessary to prevail against LTTE terrorism and enhance interoperability, increasing Sri Lanka's ability to participate in the global war on terrorism. FY 2005 Peacekeeping Operations (PKO) funds are requested to support several activities aimed at maintaining the momentum of the peace initiative between the Government and the LTTE, including the activities of the Sri Lankan monitoring mission, staffed by Scandinavians, which is charged with on-site monitoring and verification of terms of the cease-fire agreement. Sri Lanka is eligible in FY 2005 to receive grant Defense Articles (EDA) under section 516 of the Foreign Assistance Act.

The United States began training the Sri Lankan military engineering battalion in humanitarian demining operations in August 2003. By the end of that year, 179 deminers, 35 paramedics, 28 officers, and 31 senior non-commissioned officers and supervisors had been trained. In addition, previous Non-proliferation, Anti-terrorism, Demining, and Related Programs/Humanitarian Demining (NADR/HD) funds sent two demining teams to Sri Lanka, which cleared 200,000 square meters of land. FY 2005 NADR/HD funds will continue capacity building for the Sri Lankan demining program, including mine detecting dogs and heavy demining equipment. FY 2005 NADR Small Arms and Light Weapons (NADR/SALW) destruction funds are requested to assist with the destruction of small arms and light weapons, supporting the demobilization and demilitarization efforts in Sri Lanka.

South Asia Regional Funds

(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
ESF	1,900	1,988	2,000

South Asia's Muslim population of 460 million spans seven countries: Pakistan, Afghanistan, Bangladesh, India, Nepal, Sri Lanka, and Maldives. This funding will support a regional Muslim Outreach program by funding innovative pilot and multi-country projects in the following areas:

- **Education and public information that promote economic opportunity and effective citizenship:** Including curriculum broadening or teacher training in receptive public and private schools, including madrassahs, in order to enhance employment, problem-solving, and critical thinking skills; exchanges or training for Islamic scholars and educators; and literacy or job skills training for Muslim women and unemployed Muslim youth.
- **Democracy projects that foster government accountability and citizen participation:** Including small grants to NGOs in Muslim population centers for grassroots democracy and civic education projects; and multi-country legislative training, independent election commission strengthening, political party reform, civil society development, independent media and human rights projects.
- **Economic projects that address poverty and regional instability:** Including projects that promote regional cooperation; local community-led health and development projects with a civic education component; and micro-enterprise or employment-generation projects in Muslim population centers.
- **Conflict mitigation, reconciliation and confidence-building projects:** Including with Muslim populations in Sri Lanka and India – and possibly in Kashmir -- through small-scale health, employment-generation, education and civil society projects.

Reform in the first three areas of endeavor is key to overcoming the lack of education, isolation, political exclusion and deprivation that foster extremism. The fourth area of focus, conflict mitigation, reflects the need to address tensions between significant Muslim populations and other ethnic populations in India and Sri Lanka.

WESTERN HEMISPHERE

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Argentina
(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
FMF	1,990	1,000	1,000
IMET	1,000	1,100	1,100
NADR-EXBS	-	-	50

The top U.S. priority in Argentina is to promote economic recovery and the strengthening of democratic institutions. Argentina's once stable two-party system has been shaken by the country's sharp economic decline as well as public challenges over corruption, the lack of responsiveness of public institutions, and judicial inefficiency. Despite these challenges, Argentines have shown an overwhelming commitment to democracy and elected a President with a strong anticorruption agenda. Argentina has continued to perform its important leadership role in hemispheric affairs. The Government of Argentina (GOA) has actively supported U.S. security goals by playing a leading role in international peacekeeping. Argentina has led the region in cooperation with the United States in counter-terrorism and counternarcotics activities, which are centered in the tri-border area with Brazil/Paraguay.

Foreign Military Financing (FMF) funding will assist Argentina's armed forces to maintain their peacekeeping capacity through development and maintenance of a communications capability, allowing for continued regional and coalition interoperability. FMF will support peacekeeping training and the ability to deploy, as well as provide spare parts for vehicle and aviation equipment. Funds will also provide C-130 logistical support.

Argentina has been Latin America's largest user of U.S. Excess Defense Articles (EDA). Argentina will be eligible in FY 2005 to receive EDA on a grant basis under Section 516 of the Foreign Assistance Act. Transfer of grant EDA to Argentina supports Argentina as a major non-NATO ally at a time when fiscal austerity has drastically reduced Argentine defense spending and enables the country to continue its productive cooperation with the United States and NATO in international peacekeeping operations.

International Military Education and Training (IMET) courses increase Argentine interoperability with U.S. and NATO forces. IMET also plays a key role in developing civilian experts who can effectively administer the Argentine defense establishment. Having contributed to UN peacekeeping missions in East Timor, Western Sahara, Ethiopia - Eritrea, Iraq-Kuwait, Cyprus, Bosnia, and Kosovo, Argentina ranks second among Latin American nations in number of participants. Budget constraints caused by the severe economic contraction have reduced this participation, but not the Argentine commitment to contribute to international stability. 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.

Given its recent history as a victim of international terrorism (bombings in Buenos Aires in 1992 and 1994 killed more than one hundred people), Argentina understands the importance of cooperation against terrorism. U.S. Antiterrorist 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 INCLE 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 2003 Actual	FY 2004 Estimate	FY 2005 Request
FMF	90	99	100
IMET	146	165	240
INCLE	1,100	1,000	1,000

The United States has a strong interest in a cooperative, stable and democratic Bahamas working with the United States on bilateral, regional, and multilateral issues and in providing sufficient resources to achieve these goals. This is important both because of The Bahamas' proximity to the United States and because The Bahamas straddles a major thoroughfare of illegal drugs and intending immigrants. Principal U.S. interests in The Bahamas include: ensuring the safety and security of approximately 8,000 American residents and more than four million annual American visitors; stopping the movement of illicit drugs and illegal migrants 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 and migrants bound for the United States. The Bahamas, the Turks and Caicos Islands, and the United States are partners in "Operation Bahamas and Turks and Caicos" to intercept illegal narcotics trafficking. Under this program, Bahamian and Turks and Caicos police, the U.S. Drug Enforcement Administration, U.S. Coast Guard, and U.S. Army personnel, ships, aircraft, helicopters and intelligence-gathering resources cooperate in missions against suspected drug smugglers and illegal migration networks, and in search and rescue operations.

In the past decade, The Bahamas has emerged as a major offshore financial center with a global clientele. The Bahamian government is committed to combat the threat to its sovereignty and its banking industry posed by illegal drug trafficking, money-laundering, terrorism financing, and other financial crimes. Using INCLE funds, the United States has sponsored training and workshops to assist the Bahamas with these issues.

The Bahamas is eligible in FY 2005 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. EDA will be used to promote counter-drug efforts, maritime support, interoperability and modernization of equipment. Foreign Military Financing (FMF) funds will be used to improve the maritime interdiction capability of this "Third Border" country by providing spare parts, training, operational and maintenance support, communications equipment and improving infrastructure. The Royal Bahamas Defense Force (RBDF) will receive individual and unit equipment, weapons, ammunition, and training so that it can fully support enhanced interdiction and better control its borders. International Military Education and Training (IMET) will be used to continue the process of professionalizing the Bahamian police and defense forces.

International Narcotics Control and Law Enforcement (INCLE) funding supports Bahamian drug enforcement operations and investigations through operational support, training, and equipment. INCLE funding also provides go-fast interceptor boats to the Bahamian police as well as detector dogs to the Customs Department. The U.S. Embassy 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.

Belize
(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
FMF	290	199	200
IMET	173	200	100
Peace Corps	1,583	1,569	1,918

The United States seeks to discourage the flow of illicit drugs through Belize and to make the country a less attractive location for other criminal activities such as money laundering, trafficking in undocumented aliens and stolen vehicles; and smuggling of artifacts, wildlife, and contraband goods. Improving the administration of justice, fighting corruption, and making the police more effective will make better conditions for U.S. investors and traders and for the 110,000 U.S. citizens who visit Belize each year. The United States also maintains an interest in assisting Belize in protecting the 40 percent of its territory that consists of national parks and nature preserves, including extensive rainforests which shelter 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 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 and for contraband goods. Modest International Narcotics Control and Law Enforcement (INCLE) Latin American Regional funding provides training and assistance to combat drug organizations, facilitate the collection and dissemination of counter narcotics intelligence and the 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, reduce the flow of stolen vehicles from the United States to Belize, and assist Belize in upgrading its passport security and border control.

FY 2005 International Military Education and Training (IMET) and Foreign Military Financing (FMF) programs will provide training, equipment and logistical enhancements as part of a five-year modernization and professionalization program for the small but disciplined Belize Defence Force (BDF). BDF troops served with the Caribbean Community Battalion during peacekeeping operations in Haiti and participate in regional training exercises with U.S. and Caribbean forces. IMET training will be used to improve 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 nature preserves. FMF assistance will focus on improving logistical support for the BDF and provide the weapons, ammunition, spare parts, maintenance, and training the BDF needs to improve the capability of its forces at the company level. Belize will be eligible in FY 2005 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.

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 counter narcotics cooperation agreement. The extradition treaty came into force early in 2001, a stolen vehicles treaty (signed in 1996) in 2002, and the mutual legal assistance treaty in 2003. These legal instruments should enhance the ability of the United States and Belize to cooperate effectively to combat crime.

Bolivia
(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
ACI	90,727	91,000	91,000
CSH	18,594	15,302	16,139
DA	12,082	12,032	14,454
ESF	10,000	8,000	8,000
ESF-REIMB	2,000	-	-
FMF	1,990	3,977	3,000
IMET	800	900	800
P.L. 480 Title II	31,547	17,827	23,696
Peace Corps	2,974	2,818	3,392

The primary U.S. interests in Bolivia are strengthening Bolivia's democratic institutions and stopping 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 and more inclusive democracy is a necessary condition for continued success in the regional and global war against drugs. The United States is encouraging Bolivia's transition to a free market economy, including increased spending on health and education, 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. In order to ensure that Bolivia does not become an active transit point for international terrorism, we have also stepped up cooperation with the Bolivian military, customs, immigration, financial institutions, police and other organizations to ensure better Bolivian control over its long, sparsely inhabited borders. Increasing and sustaining Bolivia's capabilities in peacekeeping will allow the continuation of its role as peacekeeper; the preservation of Bolivia's biodiversity contributes to the global environment and sustainable economic growth.

Bolivia's democracy has faced many challenges in the past year, including the resignation of President Gonzalo Sanchez de Lozada under the pressure of widespread protests, and a constitutional transfer of power to Vice President Carlos Mesa. Despite Bolivia's sound macroeconomic policies and prospects for natural gas development, economic growth in 2003 was disappointing. Bolivia remains the world's third largest producer of illicit coca; ongoing demonstrations and violence by coca growers impacted, but did not sidetrack, eradication and enforcement efforts.

The FY 2005 budget request for Bolivia is consistent with funding levels of recent years, and reflects the amount of support required to sustain counternarcotics operations in two distinct regions. The illegal replanting of coca in the Chapare must be countered through eradication to prevent the region's return as a major cocaine producer. In the Yungas, where many narcotics traffickers displaced from the Chapare have relocated, the U.S. is expanding efforts to control the legal coca market and the illegal diversion of legally grown coca to cocaine processing. Throughout the country, especially in the border areas, we support efforts to interdict Peruvian cocaine being transshipped through Bolivia. Violent attacks on eradication and interdiction forces in the Chapare and in the Yungas throughout 2003 highlight the need to significantly increase 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.

Andean Counterdrug Initiative (ACI) funds will be used to consolidate earlier eradication successes to ensure that coca cultivation and drug trafficking do not regain dominance in Bolivia. The FY 2005 budget will support increased interdiction of essential precursor chemicals and cocaine products, enhance judicial capability to prosecute narcotics-related crime, promote alternative economic development, promote demand reduction efforts in Bolivia, and improve the quality of investigations into allegations of human rights violations.

Development Assistance (DA) and Child Survival and Health (CSH) funds will increase economic opportunities by providing technical assistance to micro-finance institutions, assisting 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 organizations and promoting judicial reforms, with a focus on opportunities to better incorporate Bolivia's disadvantaged indigenous majority into the political mainstream and support the Government of Bolivia's anti-corruption efforts. Support for management of renewable natural resources will aid the country in sustaining economic growth. In the health sector, FY 2005 funds will improve the well being of the Bolivian population by enhancing individual, family and community health practices, and support GOB health sector priorities such as child survival and HIV/AIDS, with activities targeted at under-served populations. CSH funds will also support the Amazon Malaria Initiative; integrated health care, nutrition, and vaccination programs for children; and decentralization of public health care services at the primary care level. PL-480 funds will improve food security and nutrition for the most vulnerable.

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 and for economic growth activities to further Bolivia's ability to compete in the global economy.

FMF funds will provide equipment and training assistance to Bolivian Armed Forces and to military police units to increase their effectiveness in their traditional national security role, which will help ensure control of remote areas, security for drug eradication and interdiction operations, as well as to support their multilateral role as international peacekeepers. Assistance will focus on sustaining operations, repairing vehicles, and maintaining equipment. We are working with the military to better coordinate Bolivia's counter-terrorism activities and enhance support for their operations and ability to respond to threats through the acquisition of specialized equipment, training assistance and infrastructure improvement. FMF will also improve military counternarcotics operations in the Chapare region with new equipment, operations and maintenance support. Lastly, 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 the Congo, as well as observers in Kosovo, Sierra Leone, Liberia, and East Timor. The GOB has also committed a reinforced battalion to the UN's "stand-by" force. The request also includes equipment and training for the Bolivian Army's new Counter-Terrorism Unit.

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 in FY 2005 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. 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 2003 Actual	FY 2004 Estimate	FY 2005 Request
ACI	6,000	10,200	9,000
CSH	10,300	9,850	7,638
DA	7,967	7,876	6,993
IMET	483	-	50
NADR-EXBS	-	-	50

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 co-chair of the Free Trade Area of the Americas (FTAA) process. Areas of potential U.S.-Brazil cooperation include promotion of democratic values in the region, preservation of natural resources, and promotion of efficient energy use. The government of Brazil, along with those of Argentina, Paraguay, and the United States, has formed a working group to combat the threat of terrorism in the tri-border area. Brazil is the only country that borders on the three major coca-producing countries in the world. As a result, it is an important transit country for illegal narcotics flows to the United States and Europe and faces a growing domestic drug abuse problem. The administration of President Lula has promised to address the issue of public security and the threat posed by organized crime. Brazil's own recognition of the domestic threat posed by narcotics trafficking is prompting greater bilateral cooperation. 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 FTAA process, and the new round of World Trade Organization (WTO) negotiations, is critical to the United States. The FTAA and WTO negotiations will help advance U.S. goals of encouraging the further opening of Brazil's market to U.S. products and services, 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 engagement with the United States on counternarcotics cooperation. Andean Counterdrug Initiative (ACI) funds will address narcotics use and trafficking in Brazil by: 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 is being placed on Brazil's efforts to strengthen control of its 1,000-mile border with Colombia.

Political-military cooperation continues to deepen between our two countries. The International Military Education and Training (IMET) program allows the United States to share its long experience of civilian control of the military, promotes Brazil's ability to serve in international peacekeeping missions, and improves the interoperability of U.S. and Brazilian forces. Brazil is eligible in FY 2005 to receive Excess Defense Articles (EDA) under Section 516 of the Foreign Assistance Act.

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 will provide Nonproliferation, Anti-terrorism, Demining, and Related Programs - Export Control and Related Border Security (NADR-EXBS) assistance funds for a cooperative program to help establish a fully effective export control system in Brazil. FY 2005 NADR funding is provided for an initial assessment, basic equipment and training to assist in developing and strengthening export control laws and regulations and improving enforcement capabilities.

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) funded programs 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. Child Survival and Health Program Funds (CSH) go to nongovernmental 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 2003 Actual	FY 2004 Estimate	FY 2005 Request
FMF	990	495	500
IMET	559	600	600

U.S. national interests in Chile include promoting prosperity through enhanced bilateral and multilateral economic and commercial ties, such as the recently completed bilateral Free Trade Agreement, encouraging reform of the criminal justice system, and cooperation on a range of important regional and global issues in multilateral fora. U.S. national interests are enhanced through U.S. support of increased Chilean participation in international peacekeeping operations and the interoperability of Chilean forces with U.S. and other peacekeeping forces.

The FY 2005 request for International Military Education and Training (IMET) funding will bolster regional stability and democracy by contributing to Government of Chile (GOC) efforts to professionalize its armed forces and increase their interoperability with U.S. forces through the continuation of management training courses for Non-commissioned Officers (NCOs), mid-level 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.

FY 2005 Foreign Military Financing (FMF) will provide needed equipment to Chile's armed forces participating in peacekeeping operations. Key to the FMF support will be specialized individual equipment and improvements to the National Peace Keeping Operations Center. Chile will be eligible in FY 2005 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 Latin American Regional fund will 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 2003 Actual	FY 2004 Estimate	FY 2005 Request
ACI	526,200	463,000	463,000
ACI-SUP	54,000	-	-
FMF	-	109,350	108,000
FMF-SUP	17,100	-	-
IMET	1,165	1,800	1,700
NADR-ATA	3,279	-	3,920
NADR-SALW	-	200	200

U.S. interests in Colombia focus on supporting counternarcotics and counterterrorism efforts, regional stability, and democracy; protecting human rights; providing humanitarian assistance; and fostering mutual economic prosperity. The challenges facing Colombia cannot be addressed in isolation and our programs reflect a broad, comprehensive approach. We share Colombia's vision of a prosperous democracy, free from the scourges of narcotics trafficking and terrorism, with respect for human rights and the rule of law.

The United States faces an unusually complex series of issues in Colombia and its neighbors. With over 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 during the late 1990's in which guerrilla and paramilitary forces have become deeply involved. There is no single explanation for the wide range of Colombia's troubles, but they are rooted in limited government presence in large areas of the interior, a history of civil conflict and violence, and deep social inequities. The Government of Colombia (GOC) announced its Plan Colombia in 1999, a balanced and wide-ranging strategy designed to address all of these issues. The Uribe Administration (which took office in 2002) has reaffirmed its full commitment to the goals of Plan Colombia.

Three United States citizens remain hostages of the Revolutionary Armed Forces of Colombia (FARC) and we are committed to ensuring their safe return.

Counternarcotics remains at the center of U.S. relations with Colombia, which supplies 90 percent of the cocaine consumed in the United States. Colombia is also a major source of heroin in the United States, particularly in east coast cities. Recognizing the increasingly intertwined nature of narcotics trafficking and terrorism, the Congress approved expanded authorities to allow United States support for Colombia's unified campaign against both of these scourges.

The proposed Andean Counterdrug Initiative (ACI) for FY 2005 supports the GOC's continuing efforts to counter the illegal narcotics industry and the threat it poses to the stability of Colombia's democracy and its economy, as well as its neighbors. The FY 2005 request for funding builds upon the successes of programs begun in FY 2000 with the Plan Colombia Supplemental and sustained by subsequent ACI appropriations. Our ACI request for FY 2005 would provide \$463 million for programs in Colombia that will continue to address underlying social issues, with \$150 million for alternative development, humanitarian assistance, and institution building, along with \$313 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.

Colombian authorities under President Uribe have augmented support for the aerial eradication program through growing financial resources and increasing the pace of operations, resulting in treating a record 127,112 hectares in 2003. Coca and poppy cultivation declined by 15% and 25% respectively in 2002 compared to the previous year and did so again in 2003 due to aggressive aerial eradication. Continued U.S. support will assist the GOC to maintain this progress. Repeated spraying is critical to deter replanting and allow the GOC to continue reducing coca cultivation. If successful, and if aerial eradication continues at the same rates, then we can expect to see continued and significant declines in drug production.

FY 2005 ACI funds are also requested to provide training and operational support for the Colombian Army's Huey II and UH-60 helicopters, support for the Colombia National Police's Air Service, upgrades to aviation facilities, and the continuation of the Air Bridge Denial Program.

Programs promoting democratic practices and respect for human rights are based on fundamental U.S. values and are intended to assist Colombia's reform efforts and achieve greater political stability in the hemisphere. Reports published by the Government of Colombia and third parties confirm that our human rights efforts are producing significant results, with a notable decline in human rights violations. The Center for Popular Research and Education (CINEP), the NGO that manages Colombia's largest and most influential human rights violations database, recorded that extra-judicial executions fell 48 percent while assassinations of protected persons declined 41 percent during the first ten months of the Uribe Administration. The National Labor College, (ENS), Colombia's most influential labor NGO, noted that murders of trade union members were down 68 percent during the first nine months of 2003. The GOC also reported a 32 percent decline in kidnappings and a 66 percent drop in forced displacements during the first six months of 2003.

The USG has provided humanitarian assistance to more than 1.2 million internally displaced and other vulnerable persons since FY 2001. USG programs also supported an Early Warning System to prevent massacres and forced displacements.

ACI programs thus provide core funding for what we must do if President Uribe is to succeed in his determination to end the narcotics trade in Colombia and stop the terrorism that threatens elected democracy in one of our key Latin American allies, as well as the stability of the entire Andean region.

The International Military Education and Training (IMET) program complements key U.S. objectives in Colombia by providing training for the Colombian military with a strong emphasis on human rights.

FY 2005 Foreign Military Financing (FMF) will be used to continue our support to Colombia and President Uribe, who has committed to defeat U.S.-designated Foreign Terrorist Organizations (FTO's). FMF will support Colombia's national security strategy to extend central government authority and governance to areas heretofore prey to terrorists and narcotics traffickers. Colombia will be eligible in FY 2005 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Transfer of grant EDA to Colombia supports our primary foreign policy objectives of fighting drugs and terrorism.

President Uribe is increasing defense and security spending from earlier low levels, supported by a one-time tax on wealth that raised over \$800 million for security purposes and Congressional approval of needed tax reforms. He is undertaking a series of inter-related initiatives to defeat the terrorists and narcotraffickers who threaten Colombia, its neighbors and the United States. However, in spite of impressive improvements, Colombian security forces will still require significant U.S. assistance for counternarcotics and counterterrorism, especially in key areas of mobility, intelligence, sustainment and training. Our FMF request supports Colombia's integrated national strategy with significant military assistance and counternarcotics programs that increase the Colombian military's ability to establish a secure environment, essential to President Uribe's comprehensive national security strategy.

We will provide operational support (training, supplies, repair parts maintenance and infrastructure) and specialized equipment, including weapons, night vision goggles and communications, to the Army. The focus of this support will be on the elite mobile brigades, the Rapid Reaction brigade (known by the Spanish acronym FUDRA) and the Commando and Lancero Battalions, in order to defeat high priority narcotics and terrorist targets. The 5th and 18th Colombian Army Brigades, trained in 2003 to provide protection to the Cano Limon-Covenas pipeline, a key element of Colombia's economic infrastructure, will receive additional munitions, equipment and training to sustain this high profile and important mission. Support will also include establishing a national training center and developing an automated logistical system.

FMF funding will also support the Colombian Navy and Air Force and include the provision of interdiction boats, additional combat aircraft, training and infrastructure improvements, maintenance and operational support for Colombia's C-130 transportation fleet, improving the ability of the entire Colombian military to quickly provide forces for operations throughout the country. Colombia's very limited combat search and rescue (CSAR)/aero medevac capability negatively affects all operations.

As the military and police re-establish national authority in new areas, improving the medical evacuation and treatment capability of the security forces becomes more critical. Our request includes funds to purchase battlefield medical treatment, CSAR and medevac-related equipment and training for Army and Air Force units, enhancing both Colombian capability and force protection of U.S. personnel in Colombia. FMF also supports naval interdiction programs by providing secure communications equipment, spare parts, and assistance to establish an operations center. Riverine forces will benefit from spare parts and other logistic support.

USG programs using NADR funding will also assist in addressing the rampant and well documented trafficking in illicit arms across the Colombian border. Between 20-100,000 small arms/light weapons (SA/LW) of various types, including thousands of AK-47s and cheap handguns, have been collected by Colombian law enforcement and military authorities and are awaiting disposal. The support of the U.S. SA/LW destruction program will contribute to improving security in the region.

NADR funding will also support implementation of the Anti-Kidnapping Initiative (AKI), which began with FY 2002 Supplemental funding. The AKI provides tactical and investigative training and equipment to the Colombian Government's military and police anti-kidnapping units (Unified Action Groups for Personal Liberty - Spanish acronym "GAULA"). It is also assisting in the establishment of an interagency anti-kidnapping Joint Task Force, developing an interagency database to collect, analyze and disseminate information on kidnappings and assist in upgrading Colombian facilities. Three GAULA units have completed training.

Costa Rica
(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
IMET	336	-	50
Peace Corps	1,217	1,337	1,734

U.S. primary national interests in Costa Rica continue to be the promotion of trade and of a vibrant, diverse economy; increased counternarcotics cooperation; and support for sustainable development and sound environmental management - an area in which Costa Rica has been a regional leader. Costa Rica remains among the most stable nations in the hemisphere. The Government of Costa Rica (GOCR) has for decades proven itself a strong ally in promoting economic development and 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. The almost-finalized U.S. - Central America Free Trade Agreement would provide an important opportunity for Costa Rica to attract investment, create jobs, and deepen economic integration with its Central American neighbors as well as with the United States.

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 does not maintain a traditional military, the International Military Education and Training (IMET) program promotes the U.S. goal of ensuring peace and regional security. The FY 2005 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 police operations.

The GOCR recognizes the growing threat it faces from narcotrafficking and has become one of the most important U.S. counterdrug allies in the region. The United States provides INCLE funds from regional allotments to help support Costa Rica's expanding programs, which 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 with the tools to do its 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 2005 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 to promote regional stability in Central America. Most EDA will be used to enhance counternarcotics capabilities, including communications equipment and air and maritime assets. Costa Rica's political stability and commitment to democracy is unusual in Latin America. Internal security is maintained by local police and by 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 2003 Actual	FY 2004 Estimate	FY 2005 Request
ESF	6,000	6,959	9,000

U.S. national interests in Cuba include 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, Economic Support Funds (ESF) back 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 substantially reduce 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; and,
- Further planning for future assistance to a transition government in Cuba.

Dominican Republic

(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
CSH	12,508	12,700	11,354
DA	8,631	10,982	8,324
ESF	3,000	2,982	3,000
FMF	300	2,000	1,500
IMET	570	800	1,100
Peace Corps	3,090	2,351	2,970

The principal U.S. interests in the Dominican Republic are promoting economic stability and U.S. exports, defending Homeland security by deterring illegal immigration, fighting international crime and drug trafficking, and strengthening democracy.

The United States will use Economic Support Funds (ESF) and Development Assistance (DA) to improve the administration of justice, combat corruption, and improve basic education and competitiveness. Technical assistance and training will be provided to: 1) improve administration of the courts, prosecutors' offices, police and public defense service; 2) strengthen the investigation, prosecution and management of criminal cases; 3) strengthen government accountability through the Inspector of Tribunals and the Public Ministry's Anti-Corruption Unit, among other mechanisms; and 4) support civil society advocacy for justice sector reform. Programs will also further the National Competitive Strategy, which helps integrate production and marketing of small and micro-enterprises.

Child Survival and Health funding (CSH) will 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 significantly expanded HIV/AIDS activities to reach more Dominicans. 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 provide technical and professional training, including assistance designed to increase awareness on the part of the Dominican security forces of their role in ensuring respect for human rights and the rule of law. Foreign Military Financing (FMF) funds will sustain naval security and maritime interdiction capabilities by providing communications equipment, training, spare parts and operations and maintenance support. FMF will train Dominican forces capable of responding to terrorist threats, improve interoperability through joint operations and provide logistical support to newly acquired helicopters and repair parts for EDA Coast Guard vessels, as well as fund deployment of a training specialist. Additionally, FMF will be used to acquire tactical communications that will facilitate coordination of the military's natural disaster response efforts.

Under the Latin America Regional allocation, International Narcotics Control and Law Enforcement (INCLE) funds will strengthen Dominican efforts to counter narcotics trafficking and international crime in support of the U.S. goal of increasing Homeland Security. Projects will improve security at Dominican airports and container seaports, strengthen anti-alien smuggling intelligence and develop the investigative capacity of the anti-money laundering unit.

The Dominican Republic will be eligible in FY 2005 to receive Excess Defense Articles (EDA) 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 2003 Actual	FY 2004 Estimate	FY 2005 Request
FMF	782	3,330	1,350
IMET	686	875	800
Peace Corps	2,787	3,010	3,579

The principal US interests in 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 preventing and combating transnational criminal activity against the United States, including terrorism, narcotics trafficking, alien smuggling, and financial crimes. U.S. assistance to the region strengthens the ability of the Eastern Caribbean countries, which make up a significant portion of the “third border” of the United States to combat these threats. A more secure, stable 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 be used 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.

A major U.S. goal in the Eastern Caribbean is to increase the capacity of national security forces of the region to deal with the above threats. The Eastern Caribbean nations will also benefit separately from Economic Support Fund (ESF) under the Third Border Initiative, which will improve border security in the region. At the same time, the United States seeks to strengthen the ability of the Caribbean Regional Security System (RSS), 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 focus on enhancement of and 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 and joint exercises will be used for professional military education, civil-military relations, and technical training.

The seven countries of the Eastern Caribbean will be eligible in FY 2005 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. EDA will be used in the region to promote interoperability and modernization of equipment.

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. As part of the Caribbean Regional allocations, Development Assistance (DA) and Child Survival and Health Program (CSH) funds will help implement a strategy in the Eastern Caribbean that addresses several areas:

- DA will improve the business environment to meet international standards. Funds will support public and private sectors in the region to expand domestic and export markets for goods and services, reduce barriers to trade and investment, stimulate a more conducive business environment, and support micro and small businesses.

- A regional environmental program 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.
- DA 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. Funds will also provide judicial and administrative training to judges, magistrates, and court staffs.
- Finally, we will focus on strengthening the capacity of NGOs and community based organizations to deliver HIV/AIDS prevention programs, in addition to increasing government capacity to implement an effective HIV/AIDS response.

Ecuador
(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
ACI	30,896	35,000	26,000
CSH	-	-	351
DA	7,127	6,821	6,953
ESF	14,500	12,923	13,000
FMF	990	6,955	2,000
IMET	645	650	300
NADR-SALW	-	200	100
Peace Corps	2,993	2,970	3,684

Geographically and figuratively at the center of the Andes, Ecuador represents a peaceful bulwark against the narco-trafficking and terrorist violence that has dominated the recent history of its larger neighbors, Peru and Colombia. It has, in fact, become a leader in efforts to rally regional cooperation in countering the security threat represented by Colombia's illegal armed groups. Unfortunately, because of continued economic struggles, a fractious political system and chronic corruption, Ecuadorian governments enjoy little stability and are often hobbled by competing internal pressures. To strengthen and consolidate Ecuador's democratic institutions, the United States will work with the freely elected government to address the country's serious economic and financial weaknesses, as well its security concerns, to create a more stable and prosperous Ecuador. Included in these efforts is a continuing emphasis on the promotion of human rights, the disruption and interdiction of narcotics trafficking and terrorism, and the advancement of sound environmental policies.

Located in the heart of the source zone for coca cultivation and with important coastal access, Ecuador is constantly aware of the dangers of the drug industry and has become a staunch counter-drug ally of the United States. With Andean Counterdrug Initiative (ACI) funding, we support a range of efforts to improve the professionalism and counternarcotics capabilities of Ecuador's national police and military. Programs also help the judiciary and are promoting the creation of a new anti-money laundering statute. ACI funds will continue to support programs on Ecuador's vulnerable northern border region, but will also assist maritime and coastal cooperation to counter possible exploitation of Ecuador's strategic position for the transshipment of narcotics, precursor chemicals, and arms. To complement this assistance to the Government of Ecuador's security forces, ACI funds will also attempt to mitigate the economic allure of the illegal drug industry by supporting economic development programs in areas that are at particular risk.

The GOE is concerned about the potential spillover of narcotics production, crime, violence, and terrorism from Colombia to its north. To prevent this, the GOE must improve its control of its northern border with Colombia by building on earlier gains in the readiness, mobility, and communications capability of key units with the aim of restricting the flow of chemical precursors, arms, and other supplies to southern Colombia. ACI funding will provide some support for these programs.

Economic Support Funds (ESF) will increase support for the democratic system by strengthening the justice system, building democratic local governance, fighting corruption, and supporting free and fair elections. Other funds will foster economic opportunity and reduce poverty by improving the macroeconomic environment for more equitable growth, develop a strong and sustainable microfinance sector in Ecuador, increase access to services by micro-entrepreneurs, and conserve biodiversity by strengthening natural resources management. The Peru-Ecuador Peace account will improve social and economic conditions for the people living along the Peru-Ecuador border.

High oil prices and remittances help the economy survive despite a slow growth rate, but Ecuador remains a poor country with low income and underemployment. FY 2005 Development Assistance (DA) funds will strengthen the private sector to spark job and income generation. Because long-term sustainability is key to meaningful economic development, DA programs will also promote responsible use of Ecuador's resources, including management and conservation efforts in the Galapagos Islands and other key areas of Ecuador, which has the greatest biodiversity per hectare of any country in South America. Child Survival and Health (CSH) funds support programs that expand basic health services and strengthen national health systems to significantly improve people's health, especially that of women, children and other vulnerable populations.

The International Military Education and Training (IMET) program for Ecuador will enhance Ecuadorian military professionalism and technical expertise, and help further consolidate civilian control of the military.

To prevent spillover of narcotics production and related crime, violence, and terrorism, Ecuador must increase its control of its northern border with Colombia. In particular, it must improve the readiness, mobility, and communications capability of key units to restrict the flow of chemical precursors, arms, and other supplies to southern Colombia. The general lack of security along Ecuador's border with Colombia is also a major obstacle to executing U.S.-supported economic development programs. Because Ecuadorian forces are deficient in mobility and communications, Foreign Military Financing (FMF) support will focus on providing tactical vehicles, communications equipment, equipment to enhance coastal and riverine mobility, and logistics packages for all three services of the armed forces. FMF will also be used to support operations and maintenance of logistical aircraft.

Ecuador is eligible in FY 2005 to receive Excess Defense Articles (EDA) under Section 516 of the Foreign Assistance Act. FMF and IMET funding for the army will focus on improving the training, equipment, and mobility of forces on Ecuador's border with Colombia. Equipment will include such items as night vision devices, communications, and vehicles. Support for the air force includes spare parts, and training and to improve the air force's airlift and mobility capacity. Additionally, training, spare parts, and communications assistance will assist riverine and coastal units involved in interdiction. NADR Small Arms and Light Weapon funds will be available to help the GOE destroy unstable ammunition and excess military weapons.

El Salvador
(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
CSH	9,800	7,150	8,871
DA	26,334	28,605	17,342
FMF	2,480	3,000	2,750
IMET	1,165	1,200	1,600
NADR-SALW	50	-	-
P.L. 480 Title II	1,809	-	-
Peace Corps	2,466	2,102	2,675

The principal U.S. interests in El Salvador are supporting democracy, fighting international crime and illegal drugs, encouraging economic development, 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. El Salvador is a regional model for economic, military, and institutional reform.

Because widespread violent crime represents the greatest threat to Salvadoran democracy and stability, programs funded by International Narcotics Control and Law Enforcement (INCLE) Latin American Regional funds will emphasize reconstruction of police facilities, the strengthening of police management systems, including internal affairs and investigative functions, and the implementation of U.S.-style community policing strategies. INCLE will continue to provide police training and technical support specifically related to counternarcotics as well as technical support to combat money laundering.

Broad-based economic development in El Salvador will improve prospects for U.S. exports and help reduce the pressures driving illegal immigration. One of the greatest prospects for this economic growth is through ratification of a U.S.-Central America Free Trade Agreement (CAFTA). Development Assistance (DA) will be used for trade capacity building, to assist the Government of El Salvador to benefit from free trade regimes. DA programs will continue to assist the rural poor by expanding access to economic opportunity, clean water, and better health services. 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. To directly support open markets, U.S. exports, and global economic growth, DA will be used to provide government training for energy market deregulation and technical assistance for improved revenue collection. The program will continue to strengthen democratic institutions by helping local officials to be more responsive to constituents, bolstering the capabilities of the legislative and executive branches of government, broadening political participation, and promoting judicial reform.

Child Survival and Health (CSH) funds will improve child survival through activities that provide water supply and sanitation services to rural communities, prevent and control sexually transmitted diseases, and support efforts to improve the quality of and access to reproductive health services and practices.

International Military Education and Training (IMET) funds will be used for professional training programs that will sustain the reform of the Salvadoran military. El Salvador will be eligible in FY 2005 to receive 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 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.

El Salvador has proven to be an enthusiastic and reliable partner and has deployed 360 troops to Iraq in support of Operation Iraqi Freedom. It is home to one of the three Forward Operating Locations (FOL) in the hemisphere, which support the U.S. priority of counterdrug operations in the Pacific corridor and Colombia. The Salvadoran Legislative Assembly ratified the FOL agreement in August 2000, and since that time, FOL operations have been responsible for the interception of over 85 metric tons of cocaine. El Salvador is a transit point for illegal immigration and drugs to the United States, and Foreign Military Financing (FMF) will allow the Government of El Salvador to better patrol its borders. These funds will also be used to improve the navy's interdiction capabilities and availability to participate in joint maritime interdiction efforts through the acquisition of communications equipment, training, as well as operations and maintenance support. FMF will be used for spare parts to help restore and sustain the significant U.S. investment in the 1980-90's in EDA UH-1 helicopters, maritime vessels, and engineering equipment, used today for counternarcotics operations and for post-disaster reconstruction. Disaster relief has created a needed and positive role for the military, helping to erase years of popular mistrust of the armed forces and preparing the government of El Salvador to deal with future emergencies and to participate in coalition operations such as those in Iraq.

Guatemala
(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
CSH	12,017	11,400	9,723
DA	14,810	11,099	6,647
ESF	6,500	4,971	4,000
IMET	350	350	300
INCLE	2,500	3,000	2,820
P.L. 480 Title II	16,673	11,154	17,631
Peace Corps	4,326	4,050	4,146

The United States has an interest in promoting political stability and economic growth in Guatemala – the largest economy in Central America – and in improving bilateral cooperation to combat international criminal activities. The inauguration of a new government in January 2004 provides the United States with a window of opportunity to create a more effective partnership with Guatemala across a range of national security-related issues, including narcotics trafficking, illegal immigration, military reform and corruption. The innovative CICIACS (Commission for the Investigation of Illegal Bodies and Clandestine Security Apparatuses) initiative offers an unprecedented opportunity for Guatemala to uncover and fight organized crime and its links to human rights abuses. As Guatemala’s key trade partner, the United States also has an important interest in encouraging an open trading system and a healthier investment climate to attract U.S. investment and provide a robust market for U.S. exports. Negotiations for a U.S.-Central America Free Trade Agreement (CAFTA) provide an important opportunity for Guatemala to attract investment, create jobs, and deepen regional economic integration. The considerable number of resident and tourist American citizens in Guatemala are directly benefited by U.S. assistance to improve Guatemalan law enforcement and administration of justice.

Support for full implementation of the 1996 peace accords is a cornerstone of current U.S. policy towards Guatemala. Implementation will create positive socio-economic change that will maintain stability, foster greater political legitimacy, and promote broad-based economic growth. FY 2005 Economic Support Funds (ESF) will strengthen key elements of a functioning democracy: the justice system and service delivery. To strengthen the rule of law, technical assistance and training will improve coordination, efficiency, and responsiveness to community needs through decentralized justice centers. Technical assistance and training will also focus on improving transparency and accountability of government through support for decentralization of decision-making and authority to local levels. Development Assistance (DA), and P.L. 480 food aid will support national reconciliation, human capacity development, anti-poverty programs, and modernization of the state (e.g., justice system, tax reform, and modernizing local governments). Funds will also support democratic development programs, improved access to quality education services, better health care for rural women and children, and rural incomes and food security through sustainable natural resource development. ESF-funded programs to enhance administration of justice will help the government strengthen criminal justice institutions, including the police, as well as enforce laws related to protection of intellectual property, worker rights, and other human rights.

Child Survival and Health (CSH) funds will support Government of Guatemala efforts to ensure healthier, better-educated people and improve social sector investments and transparency. Working through the Ministry of Health (MOH) and NGOs that provide health services, the program will support quality maternal child health and nutrition services, prevent HIV/AIDS, and improve health and nutrition practices.

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. IMET funds will provide Expanded IMET courses to military officers and civilians to promote civilian control of the military, instill respect for human rights, improve the military justice system, enhance management of defense resources, and support Guatemalan Army efforts to participate in International Peacekeeping operations. Guatemala is eligible in FY 2005 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. EDA will be granted on a limited case-by-case basis to assist the armed forces in promoting the peace process, enhance interoperability and modernization efforts, enhance their ability to support civilian law enforcement efforts against drug traffickers and traffickers of persons, and strengthen humanitarian and disaster response capabilities.

Guatemala's strategic location makes it a significant transit point for narcotics flows destined for the United States. FY 2005 International Narcotics Control and Law Enforcement (INCLE) funds will support U.S. - Guatemalan counternarcotics cooperation by providing training and equipment for the anti-narcotics division of the national civilian police force and specific military units that are responsible for interdiction and eradication, and by assisting in modernizing the judiciary to reform anti-drug and money laundering legislation.

INCLE funds will expand the activities of prosecutors and investigators involved in money laundering, anti-corruption and counternarcotics investigation task forces. They will also support an aggressive public awareness campaign on the damage inflicted by drug abuse and trafficking, and continue ongoing ports of entry security projects. Such measures will help reduce the flow of cocaine and other illegal drugs to the United States and deter other organized criminal activity. Improved law enforcement and administration of justice programs will contribute to the 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 2003 Actual	FY 2004 Estimate	FY 2005 Request
CSH	4,200	1,700	1,700
DA	2,180	2,750	4,957
FMF	390	95	100
IMET	316	375	300
Peace Corps	1,321	1,369	1,757

U.S. interests in Guyana focus on bolstering democratic institutions, which are directly threatened by political and ethnic unrest. In 2002 and 2003, the dramatic increase in violent crime, and the inability of law enforcement institutions to cope with the situation, also undermined democratic governance. Additional strengthening and deepening of these institutions is essential to the long-term development and stability of Guyana.

In FY 2005, Development Assistance (DA) funds will continue to strengthen the law-making and regulatory process, increase the capacity of civil society organizations, encourage the growing participation of women in government, and build sustained institutional capacity to conduct free and fair elections. A new DA-funded media activity will improve the media's capacity to critically analyze and report on policy issues and conduct investigative reporting. In the justice sector, alternative dispute resolution (ADR) methods for civil cases will be further developed and possibly expanded to criminal cases. Mechanisms will be developed to promote inter-ethnic cooperation and resolve conflict both at the national and local levels.

Guyana's economic development and political stability are closely linked. Economic growth since 1998 has been negligible. Guyana is one of the poorest countries in the hemisphere with a per capita income of about \$1000. In 1999 Guyana qualified for debt relief under the initial stage of the Heavily Indebted Poor Countries (HIPC) initiative. In late 2003, Guyana met its completion point criteria for additional debt reduction under enhanced HIPC. However, given the small size of the domestic market, renewed growth must come largely from exports. Increased exports will require a radical improvement in the business climate, diversification of the economic base and the restructuring of traditional sectors. DA funds seek to improve the climate for private investment, 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. While markets and investment opportunities are limited, the slow opening of Guyanese markets will create small niches for U.S. exports.

The Guyana Defense Force (GDF) remains inadequately funded, but bilateral military cooperation is growing. FY 2005 Foreign Military Financing (FMF) will purchase communications equipment spare parts for vehicles, aircraft, and associated training. Guyana will be eligible in FY 2005 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 transiting Guyana, as well as promote civil affairs and improve crisis management. IMET funding will increase the professionalism and capabilities of the GDF and strengthen regional stability.

Guyana has the second highest HIV prevalence rate in the Latin American/Caribbean region and is one of 15 countries identified for the President's Emergency Plan for AIDS Relief (PEPFAR). As such, it will receive a portion of the \$1.45 billion requested for the Global HIV/AIDS Initiative (GHAI) account in

FY 2005, in addition to bilateral assistance noted in the above table. Country program allocations of GHAI funds have yet to be finalized. In FY 2005, Child Survival and Health Programs Funds (CSH) will be used to continue implementation of a comprehensive HIV/AIDS program, increase the number of HIV positive persons on anti-retroviral treatment, increase the number of persons infected and affected by HIV and AIDS receiving care and support services with a particular focus on orphans and vulnerable children, and prevent new infections. Partners will include the Government of Guyana, the private sector, faith-based organizations and community-based organizations.

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 program provides limited equipment and training to aid Guyana's under-equipped and inexperienced counternarcotics agencies. With USG help, Guyana established a Joint Information Coordination Center for counter narcotics information. INCLE funds are being used to equip a new Financial Investigations Unit, which should begin functioning in the first quarter of CY 2004, to assist with implementation of Guyana's anti-money laundering law. INCLE funding will also be used to strengthen security at Guyana's ports by providing training and equipment to Guyana Customs inspectors.

The Embassy is also assisting the Government of Guyana to draft effective counter narcotics/crime legislation and other modern anti-crime statutes. DA programs to strengthen the rule of law and increase the effectiveness of the judicial system will reinforce these other law enforcement programs.

Haiti

(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
CSH	19,207	19,626	16,525
DA	13,999	8,119	7,963
FMF	390	295	300
IMET	51	200	150
P.L. 480 Title II	36,580	24,693	27,000
Peace Corps	1,660	1,601	2,074

U.S. interests in Haiti include promoting democracy and respect for human rights, stemming the flow of undocumented migrants and illegal drugs into the United States, fighting famine, HIV/AIDS, and encouraging economic development. The U.S. is by far the lead exporter to, and investor in, Haiti. Haiti's severe migration, drug, HIV/AIDS, political and economic problems have regional implications.

Haiti is classified by the World Bank as a low-income country, one of only two such nations in the Western Hemisphere. With an annual per capita Gross Domestic Product (GDP) of only about \$420, negative overall real GDP growth since 1990, and deep unemployment and underemployment, Haiti's short- and medium-term economic prospects are grim. Two-thirds of all Haitians live below the absolute poverty line, unable to meet minimum daily caloric requirements. 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 open sea.

U.S. bilateral assistance, largely channeled through non-government organizations (NGOs), supports U.S. national interests by averting a humanitarian crisis and promoting democratic and economic development in Haiti. U.S. programs to reduce poverty and improve health directly address conditions that contribute to illegal emigration to the United States. Strengthening Haiti's ability to stop the use of its territory for shipping illegal narcotics to the United States responds to a key U.S. domestic and international policy concern. Building the capabilities of Haitian civil society and political parties furthers the substantial U.S. effort since the 1994 intervention to complete the transition to democracy after Haiti's long history of undemocratic and repressive rule.

U.S. assistance in Haiti is focused on the most vulnerable: those suffering from chronic malnutrition, communicable disease, and illiteracy. U.S. food aid (PL-480), health, micro-enterprise lending and agriculture export promotion activities have a very real and positive impact on poor Haitians.

Outside of sub-Saharan Africa, Haiti is the country most severely affected by HIV/AIDS, with an HIV/AIDS prevalence rate of between 4.5 and 6%. The U.S. is the largest bilateral donor for HIV/AIDS prevention and care in Haiti, using a public/private partnership to provide a comprehensive set of HIV/AIDS prevention and education activities to reduce the rate of new infections as well as programs to provide care and support for those already infected or affected by the disease. As one of the focus countries of the President's Emergency Plan for AIDS Relief, Haiti will receive a portion of the \$1.45 billion requested for the Global HIV/AIDS Initiative account to expand comprehensive and integrated prevention, care and treatment programs.

Child Survival and Health (CSH) funds will improve the health and wellbeing of women and children, reduce malnutrition, help families make informed reproductive decisions and slow the spread of tuberculosis, HIV/AIDS and other sexually transmitted or infectious diseases.

Haiti's progress toward institutionalizing democracy as set forth in the 1987 Haitian Constitution has been stymied by the absence of political will in the Government of Haiti (GOH). Civil society is increasing pressure on the government to end authoritarian and corrupt practices and human rights abuses. Prospects for progress toward good governance remain poor. The Organization of American States (OAS) Special Mission, established in March 2002, is charged with working with the GOH to meet democratic and other benchmarks set out in OAS Resolution 822. The U.S. has been the principal supporter of the Special Mission.

Haiti's military was disbanded and replaced by a completely new civilian police force, the Haitian National Police (HNP), in 1995. International Military Education and Training (IMET) will be focused on courses that enhance HNP operational and logistics skills, to provide an increased level of police professionalism during participation in counternarcotics operations to include combined operations with the United States. Foreign Military Financing (FMF) will be used to enhance maritime interdiction and interoperability capabilities. Funds will support the purchase and installation of communication equipment, provision of spare parts and maintenance for patrol vehicles and the Haitian Coast Guard, an important partner in our efforts to combat transnational crime.

Haiti remains eligible in FY 2005 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 2003 Actual	FY 2004 Estimate	FY 2005 Request
CSH	13,400	12,777	10,777
DA	24,112	22,367	19,925
FMF	168	2,000	1,500
IMET	724	1,000	1,100
P.L. 480 Title II	10,479	2,406	11,916
Peace Corps	4,418	3,615	4,436

Honduras, a close neighbor and staunch long-time U.S. ally, continues to recover from the impact of the massive devastation caused by Hurricane Mitch in late 1998. The United States led the international effort to rebuild Honduras and continued U.S. assistance will be used to ensure the continuity of social and economic programs linked to the reconstruction process.

United States assistance focuses upon a number of the chronic problems that plague Honduras: weak democratic institutions; limited modern infrastructure; weak social, public security and judicial systems; rising crime; the slow-paced economic reform; and the highest prevalence 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.

U.S.-Honduras bilateral relations are strong. The Government of Honduras, a strong supporter of the war on terrorism, signed and ratified an ICC Article 98 Agreement with the United States and has deployed troops to Iraq in support of Operation Iraqi Freedom. The government has also significantly increased efforts to interdict illegal drugs en route to U.S. markets, seizing more cocaine in 2003 than in the past five years combined. In addition, the government is working diplomatically to resolve a series of border disputes, thereby improving regional stability.

While there has been notable political progress in such key areas as respect for human rights and military subordination to civilian control over the last two decades, President Ricardo Maduro's efforts to improve educational opportunities, to undertake significant political reform, and to transform the economy during his first two years in office have been stymied. In February 2002, a new criminal procedures code, which established an oral trial system, entered into force. Still, the country's law enforcement and judicial institutions are weak and corruption is endemic. The public's number one concern is personal security.

In July 2000, Honduras reached its decision point under the Highly Indebted Poor Countries Initiative, qualifying the country for interim debt relief, and, in October 2001, the International Monetary Fund (IMF) approved a third-year IMF program. However, because of a stagnating economy and a large fiscal deficit, Honduras missed its IMF targets in 2001. The Honduran government signed a letter of intent with the IMF in late 2003 and the National Congress subsequently passed the legislation required as a precondition for an IMF agreement. The Government of Honduras is expected to meet all preconditions in early 2004. Currently, Honduras' economic outlook is clouded by relatively low prices for agricultural exports and sluggish private investment and economic growth.

In FY 2005, U.S. Development Assistance (DA) funds will support the diversification and competitiveness of the Honduran economy and provide trade capacity building capabilities to meet the challenges and opportunities afforded by the U.S.-Central America Free Trade Agreement (CAFTA). Assistance for more effective natural resource management and disaster preparedness will be provided. Child Survival and Health (CSH) funds for HIV/AIDS activities will continue and will complement the Global Fund for Fighting Aids, which will launch a five-year effort in Honduras, which is the epicenter of the HIV/AIDS epidemic in Central America. Democracy and governance programs will focus on strengthening the judicial system, decentralization efforts, municipal development, and civil society development. New funding for civil society, anti-corruption and electoral reform efforts will allow the U.S. to capitalize on the current political momentum to advance fundamental changes in Honduras's political system. In addition, DA funds will help improve access of rural women and children to basic education and health care. PL-480 funds will improve food security and nutrition for the most vulnerable.

The International Military Education and Training (IMET) program for Honduras will enhance Honduran military professionalism, technical expertise, capabilities in the war on terrorism, and help further consolidate civilian control of the military. Honduras will also be eligible in FY 2005 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. EDA will improve Honduras' counterterrorism capacities, strengthen narcotics trafficking interdiction efforts, and enable the Honduran Armed Forces (HOAF) to better conduct disaster relief and search and rescue missions.

In spite of economic constraints, the Government of Honduras continues to cooperate on narcotics interdiction. It is creating a new combined military-police unit that should benefit from EDA boats, vehicles, and helicopters. International Narcotics Control and Law Enforcement (INCLE) funds from the Latin America Regional allocation are used to support Honduras' expanding anti-drug programs, which serve to amplify and reinforce our own hemispheric law enforcement efforts.

At significant financial cost, Honduras deployed the first contingent of 370 troops to Iraq in August 2003, with a follow-on deployment expected in February 2004. Foreign Military Financing (FMF) will provide critical maintenance, training, and operational support for the HOAF to help improve regional and coalition operations. It will support our desire to standardize and sustain HOAF equipment currently in use in Iraq for possible future contingency operations. FMF will also enhance maritime interdiction capabilities through the acquisition of communications equipment, spare parts, training and logistics support, and sustain HOAF efforts to maintain the operations of its aging ground and aircraft.

Jamaica
(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
CSH	3,713	3,117	4,339
DA	13,713	13,234	17,532
FMF	690	597	600
IMET	646	700	700
INCLE	1,200	1,500	1,500
Peace Corps	2,375	2,527	3,165

U.S. interests in Jamaica include stemming the flow of illegal narcotics and migrants, protecting the interests of U.S. investors, ensuring the safety and security of Americans residing on or visiting the island, and assisting Jamaica to play a constructive leadership role among Caribbean countries. U.S. programs seek to support sustainable economic growth, combat narcotics trafficking, 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. The country is beset by challenges such as an anemic economy, drug trafficking, violent crime, corruption, economic degradation, and an overburdened judicial system.

Jamaica is a major Caribbean transit point for South American cocaine en route to the United States, and the largest producer and exporter of marijuana in the Caribbean, much of it to the U.S. market. It is important that Jamaica have sufficient resources to combat narcotics trafficking and the accompanying crime, corruption, and threats to democratic institutions. The Jamaica Defense 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) has agreed to measures to fully implement our bilateral maritime agreement, leveraging limited Jamaican resources through better use of U.S. resources.

Jamaica is eligible in FY 2005 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: search and rescue missions, disaster relief, and counternarcotics and peacekeeping operations. It will also aid in enhancing interoperability in U.S.-Caribbean joint exercises. Jamaica plays a significant role in the region's maritime interdiction efforts. FY 2005 Foreign Military Financing (FMF) funds will continue to sustain naval and maritime security by providing valuable technical support, communications equipment, training, spare parts and operations and maintenance for the JDF Air Wing aircraft and navy. Support of the JDF Air Wing and Navy vessels secures Jamaica's borders and complements the naval and maritime effort. Support will also continue for Jamaica Regiment vehicles, soldier equipment, ammunition, weapons, night vision goggles and other equipment. International Military Education and Training (IMET) funding will assist the GOJ by providing training programs that focus on professionalizing the 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 (INCLE) 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 the arrest and successful prosecution of major drug traffickers and other transnational criminals and the dismantling of their criminal organizations. U.S. funding supports implementation by the GOJ of modern anti-crime legislation, as well as the development of effective anti-

corruption mechanisms. U.S.-funded training includes the following topics: investigating and prosecuting complex crimes, anti-money laundering, port security, counter-corruption, and identifying and tracing illicit firearms.

U.S. Development Assistance (DA) programs are helping Jamaica transform itself into a more competitive economy by fostering open trade and reducing constraints that limit growth. Programs also facilitate the protection of natural resources to support growth by encouraging improved environmental practices. Education interventions are focused on increasing the literacy and numerical skills of the country's youth to provide the human resource skills needed in the economy. The program also improves the efficiency and transparency of the justice system and strengthens civil society for increased governance and governmental accountability.

Through Child Survival and Health (CSH) funding, a variety of programs work to improve the health status of Jamaican youth by controlling the spread of HIV/AIDS and other sexually transmitted diseases.

Mexico
(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
CSH	5,200	3,700	3,230
DA	10,440	17,855	13,915
ESF	11,650	11,432	11,500
IMET	1,250	1,275	1,250
INCLE	12,000	32,000	40,000
Peace Corps	-	1,403	1,621

The United States does not have a more important bilateral relationship in the Hemisphere than it does with Mexico. Bilateral relations have been characterized in recent years by unprecedented cooperation in burgeoning trade, immigration issues, and law enforcement and counter-narcotics. Mexico is the United States' second largest trading partner. Trade has grown from \$81 billion to \$232 billion annually in the last ten years. There are over 400 million legal crossings of our 2,000-mile border a year.

Mexican democracy continues a dynamic transition toward a more open and participatory government. Economic Support Funds (ESF) and Development Assistance (DA) funds will strengthen the rule of law, while supporting greater transparency and accountability in government. Funds will be used for technical assistance and training to support civil and criminal justice reform and greater respect for human rights, and greater access to justice for disadvantaged populations in selected states.

In FY 2005, ESF will be employed under the Training, Internships, Exchanges, and Scholarships (TIES) program in partnership with U.S. universities. The TIES program will provide training opportunities in the United States for young Mexicans who work in areas that stimulate Mexico's economic growth and social development. TIES has two components: academic training in the United States (primarily master's degree-level training); and technical degrees and higher education partnerships (between Mexican and U.S. institutions).

Mexico remains the major transit country for cocaine entering the United States. Because of proximity, Mexican opium and marijuana cultivation is a serious threat, and Mexican traffickers figure prominently in the distribution of cocaine, heroin, methamphetamines, and marijuana in the United States. International Narcotics Control and Law Enforcement (INCLE) funds for FY 2005 will sustain and build upon the progress made since 2001 in interdiction capacity, supporting successful eradication efforts, and enhancing surveillance and intelligence capabilities. INCLE funds will also be used to improve infrastructure at ports of entry and facilitate the legitimate and secure movement of people and goods as part of the U.S.-Mexico Border Partnership signed in 2002.

FY 2005 Child Survival and Health (CSH) funds will be used to support HIV/AIDS and tuberculosis prevention and control programs. These funds will improve the policy environment, working to strengthen the national network of citizen groups and the media. The TB program will strengthen national capacity to plan, administer, and implement prevention and control efforts through better laboratory networks, improved technical skills for staff, and targeted community health education.

DA funds also support microfinance activities, which increase access to financial services by underserved populations. They will build the capacity of microfinance institutions, improve the supervisory system, and leverage remittances for savings and investment.

Finally, DA funds will improve the management and conservation of natural resources in targeted watersheds. Funds will support improved management and clean energy production, increase the community capacity and involvement of local NGOs in natural resource management, and establish alliances among the Mexican government, local communities, and NGOs.

Mexican military cooperation is critical to U.S. homeland defense and counter-narcotics programs. FY 2005 International Military Education and Training (IMET) funds will provide training to strengthen military command and technical capabilities, human rights standards, resource management, and English-language skills. These programs will increase interoperability and cooperation effectiveness in counter-drug and other law enforcement support missions.

Mexico will be eligible in FY 2005 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 the illicit production and traffic in narcotics.

Nicaragua
(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
CSH	9,830	7,805	6,913
DA	23,460	27,206	25,311
ESF	-	-	2,500
FMF	1,000	495	500
IMET	600	600	600
NADR-SALW	-	300	300
P.L. 480 Title II	16,200	5,662	11,013
Peace Corps	2,667	2,314	2,931

The primary national interests of the United States in Nicaragua are to support and strengthen democratic institutions, foster regional security and prevent international crime, and promote broad-based economic growth. Since the return of a democratically elected government in 1990, Nicaragua has made great strides toward establishing legitimate democratic institutions. President Bolaños' unprecedented and popularly supported fight against corruption has resulted in the conviction and sentencing of former President Aleman and prosecution of other political figures. Nicaragua has also witnessed significant economic change over the past decade, opening its markets and actively seeking foreign investment.

Nicaragua remains the second poorest country in the hemisphere. Government spending, remittances from Nicaraguans abroad, and foreign aid account for a significant portion of economic activity, and the economy has been sluggish since a collapse two years ago in the international price of coffee, long the country's leading export. The government is one of the most indebted in the world on a per capita basis. As a result of successful performance under its International Monetary Fund policy program and other efforts, it is expected to qualify in early 2004 for some \$4 billion in foreign debt reduction under the Heavily Indebted Poor Countries initiative. Even after this reduction, however, the government will continue to bear a significant foreign and domestic debt burden. If ratified, the U.S.-Central America Free Trade Agreement (CAFTA) that was negotiated in 2003 will provide an opportunity for Nicaragua to attract investment, create jobs, and deepen economic integration with its Central American neighbors as well as with the United States. 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) is the backbone of our democracy programs in Nicaragua, which focus upon justice sector reform, civil society strengthening, municipal development, accountability/anti-corruption, and electoral administration reform. Institutions remain weak and subject to manipulation, making U.S. support in each of these areas crucial. DA and Child Survival and Health (CSH) 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 support trade capacity development, rural economic diversification, enterprise development (including microenterprise development), infrastructure, and technical assistance to producers, including farmers. PL-480 funds will improve food security and nutrition for the most vulnerable.

The Economic Support Fund (ESF) request for FY 2005 will support the preparation for Nicaragua's national elections in 2006 and trade capacity building. The electoral assistance is critical both for preparing the environment for free and fair elections and for developing oversight mechanisms required for the administration of elections. Part of the ESF will be used to strengthen the electoral commission. In

addition, we will work with NGOs to support development of a domestic monitoring capability that oversees not only the election event, but also the process by which voters are registered and candidates vie to compete in the election. Funds for trade capacity building funding will further develop Nicaragua's policy environment to help Nicaragua take full advantage of CAFTA, reinforce institutional mechanisms so Nicaragua can live up to its CAFTA commitments, and support competitiveness in Nicaragua's evolving economy.

Success in protecting and promoting U.S. national interests in Nicaragua depends in part on how well narcotrafficking and other transborder crime is addressed. International Narcotics Control and Law Enforcement (INCLE) Latin America Regional funds have reinforced our own law enforcement efforts in the region. We are currently providing training and equipment to the anti-drug division of the Nicaraguan National Police and seek to strengthen the interdiction capabilities of Nicaragua's maritime forces by providing "fast boats" and rebuilding the GON's larger patrol vessels. Justice improvement and anti-corruption projects will fortify this work on the institutional level.

International Military Education and Training (IMET) funds serve both to promote regional security and to strengthen democratic institutions. The Nicaraguan National Army, 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. To continue this process, IMET will be used to provide courses in professional military education, to include command and staff colleges, military resource management, human rights, and the role of a modern military within a democratic framework. These courses are crucial if Nicaraguan civilian leaders - many of whom have little direct experience with military institutions - are to lead the military effectively.

Foreign Military Financing (FMF) will support maritime interdiction by helping to build and sustain Nicaragua's limited capacity in naval and maritime security by providing communications equipment, training, spare parts, and operations and maintenance support. Nicaragua sent forces to Iraq in support of the coalition, and upon their return it will be important to use FMF to sustain their equipment in preparation for future regional or coalition operations. FMF support to ground forces will focus on communications equipment, specialized equipment such as night vision devices, personal equipment, and logistical support to enhance mobility. This equipment will also improve the Army's capability to conduct counternarcotics, counterterrorism, disaster relief, and search-and-rescue missions. Nicaragua is eligible in FY 2005 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 military's capacity to interdict narcotics flows and conduct disaster relief and search-and-rescue missions.

Organization of American States/Inter-American Development Bank (OAS/IADB) 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 OAS to fund various programs throughout Central America. Of the regional work that remains, most is in Nicaragua. FY 2005 funds will continue to support clearance in the Northern Atlantic Autonomous Region and mine detection dog operations.

As a result of its civil war in the 1980s, Nicaragua still maintains excess Small Arms/Light Weapons stocks, at risk of leaking into conflicts in Latin America, as well as into Africa and the Middle East. In FY 2005 we plan to support the GON's efforts to destroy some of those weapons and secure their inventories.

Panama
(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
ACI	4,500	6,487	6,000
DA	5,499	5,322	5,446
ESF	3,000	2,982	3,000
FMF	990	2,000	1,500
IMET	209	400	600
NADR-EXBS	50	25	25
Peace Corps	2,442	2,333	2,843

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 with the secure operation of the Canal. The Colon Free Zone is the largest free trade zone in the Hemisphere, Panama is a major overseas financial center and, with 6,300 vessels flying the Panamanian flag, the world's largest ship registry. 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, especially in the Darien region that borders Colombia, while working with the Government of Panama (GOP) to help assure the security and smooth operation of the Panama Canal. The United States must also continue to encourage and assist Panama to meet maritime security obligations as set forth by the International Maritime Organization.

The United States will continue cooperative programs aimed at interdicting the illegal flow of drugs, arms, and persons through Panama. We will seek to enhance Panama's capability to combat money laundering and other financial activities that support trans-border crimes and terrorism. The United States will increase support to Panama's Public Forces to enhance port, Canal, and maritime security and to help manage the impact of Colombia's civil conflict. 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. Development Assistance (DA) funds will build GOP and NGO capacity to better manage the Canal Watershed, develop sustainable management of protected areas and maintain environmentally sound activities, such as eco-tourism to generate employment. Funds will continue to support projects to improve the efficiency and fairness of the system of administration of justice and initiate a new governance activity to combat corruption. In FY 2005, democracy/governance projects funded from Andean Counterdrug Initiative (ACI) will develop Panama's border area with Colombia to mitigate illicit activities. Economic Support Funds (ESF) will improve access to justice and alternative dispute resolution, increase accountability and transparency in public management; and strengthen administration of justice at the community level.

Foreign Military Financing (FMF) will augment the GOP's counter-terrorism, security programs and maritime interdiction by developing the Panamanian Public Forces' (PPF) capability to respond to threats against critical infrastructure, specifically the Canal, improving the security posture on the border with Colombia, and by enhancing the PPF's mobility with additional vehicles, riverine patrol craft, communications equipment and logistical packages. Additionally, this support will enhance the PPF's riverine and inter-coastal interdiction capabilities against illegal drugs, arms and alien trafficking in the border region.

The International Military Education and Training (IMET) program will provide training in the rule of law and human rights. IMET courses will develop PPF abilities to respond tactically to threats against the Canal and other infrastructure, using short-duration technical, logistical and operational courses focused on security and counterterrorism.

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 provided Nonproliferation, Anti-terrorism, Demining, and Related Programs - Export Control and Related Border Security (NADR-EXBS) assistance funds for a cooperative program to help establish a fully effective export control system in Panama. FY 2005 NADR funding will continue efforts to help Panama establish a national export control law and control list through training programs focused on developing and strengthening export control laws and regulations.

Panama is eligible in FY 2005 to receive EDA 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 against international criminal smuggling activities, and deal with possible spillover from Colombia's civil war.

Paraguay
(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
CSH	1,959	2,125	1,907
DA	3,895	4,140	4,040
ESF	3,000	2,982	3,000
IMET	297	300	250
Peace Corps	3,067	2,570	3,215

The primary U.S. national interests in Paraguay are the consolidation and strengthening of democracy and fortifying the open market system, along with anti-corruption and counter-terrorism efforts. Other interests, which depend on progress on democracy, include fighting transnational crime, promoting responsible regional environmental management, and humanitarian interests such as public health and sustainable development. Economic Support Funds (ESF), Development Assistance (DA) and Child Survival and Health Programs Funds (CSH) will be used to strengthen democracy, help protect the environment, and improve child and maternal health. ESF will promote democracy by strengthening local governments, encouraging reform, and supporting civil-military dialogue and a vigorous civil society. DA funding will offer Paraguay assistance in managing key environmental areas and supporting the environmental community. CSH funds will make family health care more accessible and improve grassroots provision of health services at the community level. These 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 and officers at various military schools, with a focus upon civil-military operations and sustaining democracy. By increasing military professionalism, such training reduces the likelihood that civilians will seek to involve the military in politics.

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 the Latin America regional account will provide 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 2003 Actual	FY 2004 Estimate	FY 2005 Request
ACI	128,052	116,000	112,000
CSH	19,912	17,282	13,037
DA	16,437	15,036	10,492
ESF	8,000	7,953	8,000
ESF-REIMB	2,000	-	-
FMF	990	1,730	1,000
IMET	592	700	300
P.L. 480 Title II	26,678	10,125	21,100
Peace Corps	1,410	1,717	2,197

One of the largest countries in South America, Peru maintains a multifaceted relationship with the United States. Our major national security interests focus on consolidating democracy, supporting counternarcotics efforts, and promoting sustainable economic development. Mutually reinforcing successes in these critical areas will foster national stability. However, a real or perceived failure in just one of these areas will undermine progress in the remaining ones. In the Toledo Administration, the United States has a partner committed to working with us to advance our mutual national security interests.

Although Peru is a source country for cocaine, the United States has received sustained cooperation from the Government of Peru (GOP) in counternarcotics activities. FY 2005 Andean Counterdrug Initiative (ACI) 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 the export of refined coca products. 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 larger numbers of coca eradication personnel to remote growing areas. Funds will also support the planned Anti-Narcotics Coordination Center, a non-lethal refinement of the past Air Bridge Denial Program.

A key component of the USG's comprehensive counter-narcotics strategy is the ACI-funded Alternative Development Program (ADP). As part of this strategy, the USG in FY 2005 is also using Development Assistance (DA) and Economic Support Fund (ESF) resources to complement ACI funding in the coca-growing region. ADP interventions are focused on: a) providing immediate economic and social impact via temporary income, community organization and other short-term support in communities where coca is being eradicated; b) promoting sustainable economic and social development in and around the primary coca-growing areas via major road rehabilitation and other infrastructure works, technical assistance and training to local/regional governments, other GOP agencies, private sector entrepreneurs and small farmers; c) improving the policy and institutional framework related to alternative development and counternarcotics through studies and technical assistance to key allies; and d) generating political will, encouraging key behavior change, and disseminating accurate information to beneficiaries through a crosscutting communications program.

Coordinated ACI, DA, and ESF funding will enable the GOP both to decrease coca cultivation in key areas and to decrease coca and cocaine movement in source and transit zones. These programs will lower the risk of instability in areas facing the quadruple threat of increased coca cultivation, narco-trafficking, terrorism

and minimal central government presence. Challenges to this effort will be the budding alliance between the narco-traffickers and the Shining Path, which remains a threat to democratic stability in Peru.

The Toledo Administration, the Congress and the Peruvian people are committed to rebuilding their democracy in Peru. Training and technical assistance are needed to shore up key institutions, improve administration of justice and rule of law, strengthen local governments, encourage greater citizen participation in decision-making, promote political party building, and increase civilian control over the military. Economic Support Funds (ESF) and Development Assistance (DA) funds help foster these goals. ESF-funded programs will provide technical assistance and training to promote key policy reforms; increase the capacity of regional and local governments; enhance Congressional oversight and legislative capacity; improve the performance of selected justice institutions; and facilitate the efforts of the Truth and Reconciliation Commission in investigating past human rights abuses. Each of these programs will include support for anti-corruption measures.

International Military Education and Training (IMET) funds support programs to improve military professionalism and capabilities by providing military and civilian defense professional training, which reinforces the critical principle of civilian rule. Foreign Military Financing (FMF) will improve the military's capabilities to protect Peru's borders and promote regional stability. FMF funding will upgrade medical, engineering, general field support and C-130 maintenance capabilities of the Peruvian army. The enhancements supported by FMF will increase the ability of GOP security units to operate in remote areas where drug cultivation/production is prevalent and where domestic terror groups seek refuge. Funds will also provide body armor, night vision goggles, and small arms for Peru's only dedicated counterterrorism unit. Peru is eligible in FY 2005 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 by assisting the GOP to combat illegal narcotics production and trafficking by providing needed equipment to the Peruvian security forces, which are an integral part of the counternarcotics effort.

Peru remains a poor country, with a per capita annual income of approximately \$2100. Over 50 percent of its population lives in poverty, and 15 percent live in extreme poverty (less than \$1/day per capita income). Underemployment is approximately 50 percent; child mortality is high; and the quality of education is low. The government must continue reforms, fight corruption and take other steps to improve the economic climate, while at the same time meeting urgent needs to create jobs, fight poverty, and improve standards of living.

DA-funded programs will: a) create economic opportunities for the poor by providing greater access to and participation in markets, increasing the availability of microfinance services for small producers and micro-entrepreneurs, and improving the nutritional status and productive capacity of the extremely poor; b) promote the sustainable use and protection of natural resources, and c) improve local management of basic education focusing on policies that promote decentralized management and improvement of education programs in selected communities. Child Survival and Health (CSH) funds will enhance the capacity of the Peruvian private and public sectors to meet basic health needs. P.L.-480 funds will improve food security and nutrition for the most vulnerable.

Peru-Ecuador Peace

(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
ESF	6,000	3,976	4,000

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 and focus instead on stopping illicit production of cocaine, combating drug transit and halting the shipment 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 (OAS) to develop a pilot program with both Peru and Ecuador. With U.S. assistance, Ecuadorian humanitarian demining has evolved into a sustained, 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 Peru-Ecuador 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 binational coordination and cooperation. FY 2005 ESF-funded activities will build on previous efforts that focused on micro-enterprise lending, public health infrastructure, local government training and natural resource management in the border region.

The current sustained peace along the Peru-Ecuador border is an indication of the success of these funds.

Suriname

(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
FMF	240	145	100
IMET	156	150	150
Peace Corps	1,001	1,102	1,373

The principal U.S. interests in Suriname are maintaining a stable democracy, stemming the flow of illegal drugs and migrants to the United States, transnational crime, and international terrorism, and fostering economic growth and development. The United States also encourages protection of the country's large rain forest and preservation of regional biodiversity.

Suriname's public institutions are woefully under-financed. There is still anti-military sentiment from a decade of unpopular military rule in the 1980s. And as a result, Suriname's military suffers from a lack of equipment, materials, parts and fuel for operating mission-essential equipment, training, food, and uniforms. These deficiencies significantly inhibit the Surinamese Army's ability to police Suriname's borders and vast, sparsely populated interior, making Suriname a favorite transshipment country for weapons traffickers and alien smugglers.

Suriname's naval/maritime interdiction capabilities are also in need of development. Foreign Military Financing (FMF), as part of the Maritime Interdiction Initiative, will be used to improve communications, deliver training and logistics support, and provide for operations and maintenance of maritime interdiction assets. FMF will also be used to help modernize ground forces with small-scale equipment, and with leadership, tactical, and logistics training.

Suriname lacks a developed training infrastructure and International Military Education and Training (IMET) plays a key role in the training of its armed forces. IMET provides training opportunities not otherwise available, and encourages an appropriate role for the military in a democratic society. The requested IMET funds will be used for projects that promote civilian control of the Surinamese armed forces, increase its professionalism and technical expertise, and expose Surinamese armed forces personnel to U.S. norms and values.

A small USG counter narcotics/crime program is funded through the International Narcotics Control and Law Enforcement (INCLE) Latin American Regional program. INCLE funds are used to provide training, vehicles, and equipment to Surinamese law enforcement agencies.

Suriname is eligible in FY 2005 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 regional inter-operability and a viable counter-drug capability, as well as in combating terrorism, migrant and arms smuggling.

Trinidad and Tobago

(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
FMF	390	-	-
IMET	150	-	50

Primary U.S. goals in Trinidad and Tobago address counterterrorism, homeland security, international crime and drug interdiction, economic prosperity, and humanitarian concerns.

Trinidad and Tobago's economy is dominated by a growing oil and natural gas sector, including related downstream petrochemical industries. A key U.S. aim is to work with the host country to improve safeguards around its vulnerable energy sector. The United States is the leading exporter to and investor in Trinidad and Tobago, and the country supplies more than 60 percent of U.S. imports of liquefied natural gas. The U.S. is encouraging the Government of Trinidad and Tobago (GOTT) to play a more active role in the Free Trade Area of the Americas (FTAA) and within the Caribbean Community (CARICOM) on trade matters.

The United States and Trinidad and Tobago have an effective cooperative relationship in combating crime, and Trinidad and Tobago is a strong and capable counternarcotics 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.

A U.S. counter narcotics/crime program is funded through an International Narcotics Control and Law Enforcement (INCLE) regional program. INCLE funds are used to provide training, equipment and vehicles for Trinidad and Tobago's counter-drug/crime units. The United States is helping Trinidad and Tobago address problem areas in the judicial process by providing equipment to modernize the courts. A U.S. Internal Revenue Service team is helping the Board of Inland Revenue (BIR) modernize tax collection procedures. INCLE funds support the team's effort to establish a Criminal Investigation Division within the BIR. A U.S. Customs and Border Protection Advisory Team is working closely with the Ministry of Finance in the creation of a new Revenue Authority. The Authority calls for the merger of the BIR and Customs and Excise Division into one entity for more effective collection of revenue.

The United States has donated patrol boats and aircraft to improve the country's ability to conduct air and sea surveillance against narcotics trafficking activities. The aircraft continue to receive operational and training support through ongoing INCLE funding.

IMET will send Trinidad and Tobago Defense Force personnel to U. S. military training courses to support counterterrorism, maritime, infantry and aeronautical capabilities. Trinidad and Tobago will be eligible in FY 2005 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act.

Trinidad and Tobago's human resources are imperiled by a high incidence of HIV/AIDS, made all the more serious by widespread ignorance about the disease and prejudice against victims. In support of U.S. humanitarian international objectives to improve global health, Child Survival and Health Program (CSH) Caribbean Regional funds will support effective health programs, especially in the area of HIV/AIDS, malaria and tuberculosis. We will collaborate with the host nation-based Caribbean Epidemiology Center (CAREC) to strengthen programmatic and technical capacity to improve health.

Uruguay
(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
FMF	990	990	500
IMET	450	450	150

U.S. national interests in Uruguay include maintaining Uruguay's strong democracy, restoring economic vibrancy undercut by regional crises, 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. We will also promote our national interest 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 (FTAA) process to open regional markets to U.S. exports.

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 IMET-funded courses will help improve civil-military relations, rationalize the defense policy planning process to 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 its ability to operate with U.S. and international forces in peacekeeping operations (Uruguay has the highest per capita number of peacekeepers in Latin America and ranks 8th worldwide in PKO participation), disaster relief missions, and other joint operations. Foreign Military Financing (FMF) for Uruguay will be used to support Uruguay's efforts in international peacekeeping by providing spare parts and maintenance support, especially for aviation units and specialized naval patrol boats.

International Narcotics Control and Law Enforcement (INCLE) funds from the Latin American Regional program 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 to provide 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.

Uruguay will be eligible in FY 2005 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Transfer of grant EDA to Uruguay serves a key U.S. national interest by assisting the GOU to combat illegal narcotics production and trafficking.

Venezuela
(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
ACI	2,075	5,000	3,000
ESF	470	497	500
IMET	683	-	50

Venezuela represents a significant challenge and opportunity for U.S. foreign policy, with important national interests at stake. Venezuela is a leading supplier of foreign oil to the United States and host to considerable U.S. energy sector investments while facing a crisis of democratic governability. 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.

Andean Counterdrug Initiative (ACI) programs will concentrate on cooperation on counternarcotics and judicial reform. 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. Economic Support Fund (ESF) administration of justice programs will complement ACI programs in the justice reform sector.

Venezuela is a major transshipment route for illegal drugs destined for the United States. ACI funds will help improve the Government of Venezuela's (GOV) interdiction and eradication efforts and combating international money laundering activities.

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 disagreements and to press for Venezuelan action against narcoterrorism.

In FY 2005, 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 2005 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.

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. The United States is actively supporting efforts to promote a peaceful, constitutional, democratic, and electoral solution to the present political crisis, as called for in the Organization of American States (OAS) Resolution 833. The U.S. has committed to participate in the OAS Secretary General's "Group of Friends of Venezuela" to advance dialogue between the Government of Venezuela and the opposition. The United States will need to offer support for anticipated electoral events to help ensure they are free, fair and transparent.

Third Border Initiative

(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
ESF	2,500	3,976	9,000
ESF-REIMB	500	-	-

The nations of the Caribbean, our “third border,” are important partners on security, trade, health, the environment, education, regional democracy, and other hemispheric issues. This partnership is solidified at the Organization of American States, where the Caribbean nations have 15 votes. 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. Due to the region’s geographic proximity, events in the Caribbean have a direct impact on the homeland security of the United States and have the potential to affect U.S. domestic interests.

The nations of the Caribbean are particularly vulnerable to regional and international threats. Having small economies with limited ability to diversify, Caribbean nations are highly sensitive to adverse global economic conditions, are environmentally fragile, and share a susceptibility to hurricanes and natural disasters. Illicit trafficking in persons, drugs and firearms, potential terrorism, and other transnational criminal activities in the region also threaten both the United States and regional security interests. A decline in the Caribbean’s political and economic stability would have a direct impact on the United States by making the region more vulnerable to such threats. While the region is an important market for U.S. exports and investment, a faltering regional economy or a potential rejection of free markets would negatively affect U.S. interests.

To strengthen the capabilities of Caribbean institutions to address economic, environmental, political, and societal problems and mitigate or prevent their spillover to the United States, the President announced in 2001 the Third Border Initiative (TBI) as a framework for our broad engagement in this vital region. Economic Support Fund (ESF) will supplement our bilateral assistance to the 14 Caribbean Community (CARICOM) countries, plus the Dominican Republic, while focusing funding and assistance on those areas of greatest need.

In the wake of the September 11, 2001 terrorist attacks in the United States, our engagement with Caribbean nations should reflect the heightened profile of border security issues, while still addressing the economic, political and social concerns that threaten the region’s stability. TBI ESF will therefore be used to address the lack of capacity many Caribbean nations face in the fields of administration of justice and security, both of which have a direct impact on homeland security. Under the TBI, we will also work cooperatively with our Caribbean partners to implement programs that will enhance the safe and secure transportation and flow of people, goods and services in the region. ESF from our Third Border Initiative will be used to help Caribbean airports modernize their safety and security regulations and oversight, an important step in enhancing the security of visiting Americans and helping the region’s vital tourist industry. Additionally, we will use TBI funds to support border security programs in the region, including the strengthening of immigration controls.

As part of the TBI ESF funding, we will help these smaller economies transition toward greater competitiveness by efforts to promote transparency, accountability and citizen involvement through programs that link trade and investment to effective anti-corruption and good governance. The United States will also assist the Caribbean to compete in a global economy by helping upgrade the region’s educational training capabilities. The TBI will also support initiatives funded by Development Assistance (DA) to continue support (began 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.

TBI also encompasses HIV/AIDS programs. A combination of Development Assistance (DA) and Child Survival and Health (CSH) funds will support 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 transmission serves U.S. interests. Haiti, The Bahamas, Guyana, and the Dominican Republic, which have significant immigrant communities in the United States and/or are important tourist destinations, have prevalence rates higher than many sub-Saharan African countries. These activities are being integrated into the President's Emergency Plan for AIDS Relief and are within the purview of the Global AIDS Coordinator.

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 and CSH 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.

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III. SUPPORTING INFORMATION

Arms Control and Nonproliferation Considerations
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Arms Control and Nonproliferation Considerations

Arms transfers continue to be an indispensable U.S. policy instrument for advancing international security and stability in the post-Cold War era and for promoting the aims of the Global War on Terrorism. Judiciously used, arms transfers can deter aggression, foster internal and regional stability, strengthen and revitalize mutual security relationships, and demonstrate support for the security of friends and allies. With the new challenges posed by the rise of global terrorism and the spread of weapons of mass destruction, our military assistance programs play a critical role in bolstering the security capabilities of the United States and its allies.

The U.S. military assistance program complements the U.S. foreign policy goal of promoting international security through negotiation and support for bilateral, regional and multilateral agreements and arrangements, and assuring compliance with existing arms control agreements. It also enhances the U.S. ability to limit the proliferation of weapons of mass destruction, especially in regions of conflict, by giving countries conventional 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 complement 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 that exacerbate regional and civil conflicts. The worldwide Nonproliferation and Disarmament Fund and export control cooperation programs promote bilateral and multilateral efforts to control the spread of missiles, nuclear, chemical and biological weapons, and destabilizing arms transfers.

Carefully structured security assistance programs support U.S. conventional arms transfer policy goals, particularly to preserve regional balances and help allies deter and defend against aggression, and the U.S. nonproliferation objectives of curbing the spread of weapons of mass destruction and their delivery systems.

The U.S. arms transfer policy requires a careful, case-by-case evaluation of each request for arms. Each transfer is specifically reviewed for its contribution to U.S. security interests and arms control and nonproliferation 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.

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.

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 2003, regardless of when the articles and services were or will be delivered.

The second part shows the estimated dollar values projected for FY 2004 and FY 2005. 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 judgment 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 2003 ACTUAL			ESTIMATED	
	DEFENSE ART/SERV	CONSTR/DESIGN	TOTAL	FY 2004	FY 2005
<u>Africa:</u>					
Botswana	1,032	0	1,032	0	0
Cape Verde	3	125	128	6	0
Chad	530	0	530	0	0
Djibouti	2,819	0	2,819	8,500	6,000
Eritrea	0	0	0	750	1,500
Ethiopia	1,800	0	1,800	700	7,000
Ghana	150	0	150	500	0
Guinea	0	0	0	86	0
Kenya	13,289	316	13,605	7,990	8,160
Mali	200	0	200	0	0
Niger	251	0	251	0	0
Nigeria	6,594	0	6,594	0	0
Senegal	206	98	304	300	283
South Africa	12,419	0	12,419	0	0
Togo	70	0	70	0	0
Uganda	965	0	965	100	0
Regional Total	40,328	539	40,867	18,932	22,943
<u>Western Hemisphere:</u>					
Antigua-Barbuda*	530	0	530	0	0
Argentina	3,612	0	3,612	600	400
Bahamas, The	619	0	619	100	200
Barbados*	97	0	97	0	0
Belize	404	0	404	0	0
Bolivia	210	0	210	2,000	3,000
Bolivia – Intl. Narc.	1,462	0	1,462	175	175
Brazil	14,802	0	14,802	3,565	3,000
Canada	255,865	0	255,865	165,710	72,735
Chile	627	0	627	15,000	5,000
Colombia	25,545	0	25,545	12,600	5,000
Colombia – Intl. Narc.	340	0	340	350	500
Dominica*	228	0	228	0	0
Dominican Republic	23,282	0	23,282	320	50
Ecuador	5,995	17,561	23,555	350	350
El Salvador	2,225	0	2,225	1,500	3,000
Grenada*	210	0	210	200	200
Guyana	232	0	232	100	200
Honduras	0	0	0	45	0
Jamaica	0	0	0	200	600
Mexico	6,805	0	6,805	6,300	6,000
Nicaragua	384	0	384	200	500
Panama	0	0	0	325	565
Peru	50	0	50	100	500
Peru – Intl. Narc.	172	0	172	50	25
St. Kitts and Nevis*	182	0	182	130	200
St. Lucia*	216	0	216	105	140
St. Vincent & Gren.*	110	0	110	0	50
Trinidad & Tobago	314	0	314	0	150
Uruguay	632	0	632	0	0
Venezuela	6,983	0	6,983	0	0
Regional Total	352,133	17,561	369,693	210,025	102,540
<u>East Asia & Pacific:</u>					
Australia	450,148	0	450,148	170,000	454,000

	FY 2003 ACTUAL			ESTIMATED	
	DEFENSE ART/SERV	CONSTR/DESIGN	TOTAL	FY 2004	FY 2005
Japan	732,153	0	732,153	1,437,200	1,018,000
Korea (Seoul)	482,828	0	482,828	367,000	1,116,000
Malaysia	5,386	0	5,386	4,000	0
Mongolia	3,179	0	3,179	1,000	0
New Zealand	10,136	0	10,136	33,200	0
Philippines	45,336	0	45,336	72,000	0
Singapore	167,677	0	167,677	95,000	0
Taiwan	462,461	0	462,461	596,000	593,000
Thailand	78,265	0	78,265	15,500	15,000
UNTAET (East Timor)	1,000	0	1,000	1,000	0
Regional Total	2,438,568	0	2,438,568	2,791,900	3,196,000
Europe & NIS:					
Albania	9,992	0	9,992	4,000	6,200
Armenia	6,947	0	6,947	5,000	5,000
Austria	5,703	0	5,703	4,113	10,000
Azerbaijan	3,086	0	3,086	3,000	13,700
Belgium	68,358	0	68,358	57,000	64,000
Bosnia-Herzegovina	2,595	0	2,595	2,000	3,000
Bulgaria	14,089	0	14,089	10,275	12,500
Croatia	14,446	0	14,446	0	0
Czech Republic	8,805	0	8,805	550,000	78,000
Denmark	22,734	0	22,734	28,500	114,500
Estonia	14,716	0	14,716	8,500	88,200
Finland	4,950	0	4,950	133,800	157,250
France	45,598	0	45,598	43,900	45,000
Georgia	12,459	0	12,459	10,000	12,000
Germany	319,314	245	319,559	138,700	132,000
Greece	54,128	0	54,128	131,065	501,030
Hungary	5,365	0	5,365	69,730	29,270
Ireland	12,510	0	12,510	123	11
Italy	154,119	0	154,119	64,500	77,000
Kazakhstan	1,311	0	1,311	3,000	1,000
Kyrgyzstan	4,751	0	4,751	5,000	4,000
Latvia	14,734	0	14,734	9,050	7,400
Lithuania	47,363	0	47,363	14,000	7,200
Luxembourg	2,037	0	2,037	2,000	9,000
Macedonia (FYROM)	10,302	0	10,302	9,300	7,000
Malta	5,428	0	5,428	0	0
Moldova	1,104	0	1,104	1,485	2,250
Netherlands	97,969	0	97,969	433,500	53,100
Norway	108,519	0	108,519	183,000	109,000
Poland	3,570,226	0	3,570,226	70,000	10,000
Portugal	7,908	0	7,908	73,000	3,000
Romania	18,332	0	18,332	49,000	19,000
Slovakia	8,428	0	8,428	9,300	9,350
Slovenia	6,714	0	6,714	4,000	4,500
Spain	119,889	0	119,889	162,400	94,400
Sweden	2,090	0	2,090	11,300	3,300
Switzerland	23,901	0	23,901	269,550	9,550
Tajikistan	1,804	0	1,804	0	0
Turkey	440,042	0	440,042	339,000	255,000
Turkmenistan	627	0	627	100	0
Ukraine	3,210	0	3,210	7,300	6,000
United Kingdom	464,913	0	464,913	182,950	104,370
Uzbekistan	16,046	0	16,046	1,050	1,200
Regional Total	5,757,562	245	5,757,806	3,103,491	2,068,281
Near East & South Asia:					

	FY 2003 ACTUAL			ESTIMATED	
	DEFENSE ART/SERV	CONSTR/DESIGN	TOTAL	FY 2004	FY 2005
Afghanistan	67,940	156,976	224,915	150,000	660,000
Bahrain	93,046	0	93,046	83,950	356,250
Bangladesh	0	0	0	10,000	40,000
Egypt	930,637	9,251	939,889	1,688,250	1,349,000
India	63,000	0	63,000	25,000	0
Israel	499,476	5,854	505,330	921,000	475,000
Jordan	147,611	0	147,611	776,000	101,310
Kuwait	320,531	2,801	323,332	78,000	0
Lebanon	335	0	335	3,000	3,000
Morocco	4,519	0	4,519	9,200	20,200
Nepal	15,257	0	15,257	7,000	0
Oman	10,037	0	10,037	79,500	25,500
Pakistan	167,199	0	167,199	571,000	700,000
Qatar	6,000	0	6,000	101,300	0
Saudi Arabia	692,650	0	692,650	990,000	810,000
Sri Lanka	1,000	0	1,000	5,000	0
Tajikistan	0	0	0	500	800
Tunisia	7,545	0	7,545	9,990	19,680
United Arab Emirates	140,382	0	140,382	582,000	925,000
Yemen	15,828	0	15,828	1,745	0
Regional Total	3,182,993	174,882	3,357,875	6,092,435	5,485,740
				6,609,24354	
Non-Regional:					
Classified Totals (A)	981,450	0	981,450	1,605,000	407,000
International Org.	51,148	0	51,148	48,500	51,000
Non-Regional Total	1,032,598	0	1,032,598	1,653,500	458,000
Worldwide Total	12,804,182	193,226	12,997,408	13,870,283	11,333,504

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 (2.5%) is applied to most FMS cases written on or after June 1, 1999. For cases written before that time, a three percent (3%) rate is applied. A five percent (5%) rate is applied to non-standard articles and services and supply support arrangements. In addition, a "logistics support charge" of three-point-one percent (3.1%) 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 ceiling request to be included in Foreign Operations, Export Financing and Related Programs Appropriations Act of 2004, is \$361 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 2005, \$367 million is required. About the same number of work years will be financed in FY 2005 as in FY 2004. DoD's FMS workload is level as indicated by actual sales between FY's 2000-2003 in the \$12-13 billion range, and anticipated sales for FY 2004-2005 also in the \$12 billion range.

The following table shows FMS administrative budget amounts for FY's 2003-2005.

Foreign Military Sales Administrative Costs/Workyears
(\$ in millions)

	FY 2003 Actual		FY 2004 Estimate		FY 2005 Request	
	Workyrs	Dollars	Workyrs	Dollars	Workyrs	Dollars
Military Departments	2,579	221.467	2,556	223.549	2,589	232.120
Other Defense Activities	621	106.591	615	109.134	590	105.086
Overseas (Net)	345	27.942	345	28.317	345	29.794
Total	3,545	356.000	3,516	361.000	3,524	367.000

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

In FY 2004, separate SAOs will be assigned to eighty-eight countries. In twenty-six 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 tables on the following pages identify the security assistance authorized staffing levels and associated costs at the conclusion of FY 2003 and the estimated levels for FY 2004 and FY 2005, including additional staffing requirements as a result of the global war on terrorism. Actual assigned strengths for FY 2004 and FY 2005 may be less than the estimated and requested 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 2003 Actual			FY 2004 Estimate			FY 2005 Request		
		FMF	FMS	TOTAL	FMF	FMS	TOTAL	FMF	FMS	TOTAL
<u>Africa:</u>										
Angola	DAO	11	0	11	11	0	11	11	0	11
Benin	EMBASSY	59	0	59	62	0	62	62	0	62
Botswana	ODC	251	28	279	260	29	289	260	29	289
Cameroon	DAO	11	0	11	10	0	10	10	0	10
Cape Verde	EMBASSY	10	0	10	13	0	13	13	0	13
Chad	DAO	72	0	72	46	0	46	46	0	46
Cote d'Ivoire	DAO	17	0	17	17	0	17	17	0	17
Djibouti	USLO	430	143	573	444	239	684	444	239	684
Eritrea	USLO	194	4	198	230	5	234	230	5	234
Ethiopia	SAO	114	29	143	100	25	125	100	25	125
Gabon	EMBASSY	24	0	24	24	0	24	24	0	24
Ghana	ODC	304	0	304	200	108	308	200	108	308
Guinea	DAO	8	0	8	12	0	12	12	0	12
Guinea-Bissau	EMBASSY	3	0	3	3	0	3	3	0	3
Kenya	KUSLO	761	342	1103	749	321	1069	749	321	1069
Lesotho	EMBASSY	13	0	13	12	0	12	12	0	12
Madagascar	DAO	45	0	45	32	0	32	32	0	32
Malawi	EMBASSY	32	11	43	34	11	46	34	11	46
Mali	DAO	25	0	25	25	0	25	25	0	25
Mauritania	EMBASSY	17	0	17	19	0	19	19	0	19
Mozambique	DAO	17	0	17	17	0	17	17	0	17
Namibia	DAO	57	14	71	57	14	71	57	14	71
Niger	DAO	30	0	30	30	0	30	30	0	30
Nigeria	ODC	234	126	360	244	131	375	244	131	375
Rwanda	DAO	38	0	38	39	0	39	39	0	39
Sao Tome & Principe	EMBASSY	8	0	8	9	0	9	9	0	9
Senegal	ODC	243	99	342	247	101	348	247	101	348
Seychelles	EMBASSY	16	0	16	21	0	21	21	0	21
South Africa	ODC	234	78	312	285	95	380	285	95	380
Tanzania	EMBASSY	10	0	10	10	0	10	10	0	10
Togo	EMBASSY	8	0	8	9	0	9	9	0	9
Uganda	EMBASSY	17	0	17	17	0	17	17	0	17
Zambia	EMBASSY	13	0	13	13	0	13	13	0	13
Zimbabwe	DAO	12	0	12	11	0	11	11	0	11
Regional Total		3338	874	4212	3312	1079	4391	3312	1079	4391
<u>Western Hemisphere:</u>										
Argentina	USMILGP	244	81	325	271	90	361	271	90	361
Bahamas	USNLO	38	0	38	35	0	35	35	0	35
Belize	USMLO	196	49	246	217	54	272	217	54	272
Bolivia	USMILGP	440	293	733	537	230	768	537	230	768
Brazil	USMLO	199	112	311	183	103	286	183	103	286
Canada	DAO	0	70	70	0	72	72	0	72	72
Chile	USMILGP	148	189	337	148	189	337	148	189	337
Colombia	USMILGP	354	415	769	325	381	706	325	381	706
Costa Rica	ODR	165	55	220	168	56	224	168	56	224
Dominican Republic	USMAAG	323	108	431	282	94	376	282	94	376
Eastern Caribbean	USMLO	170	73	242	166	71	238	166	71	238
Ecuador	USMILGP	353	151	505	332	142	474	332	142	474
El Salvador	USMILGP	441	189	631	475	158	633	475	158	633
Guatemala	USMILGP	237	0	237	174	0	174	174	0	174

	ORG.	FY 2003 Actual			FY 2004 Estimate			FY 2005 Request		
		FME	FMS	TOTAL	FME	FMS	TOTAL	FME	FMS	TOTAL
Guyana	USMLO	24	10	34	26	11	37	26	11	37
<u>Western Hemisphere</u>										
<u>Con't:</u>										
Haiti	USMLO	386	165	551	339	145	485	339	145	485
Honduras	USMILGP	411	242	653	418	246	664	418	246	664
Jamaica	USMLO	339	74	413	339	74	413	339	74	413
Mexico	USMLO	449	242	690	557	300	857	557	300	857
Nicaragua	USMLO	34	0	34	24	12	35	24	12	35
Panama	ODC	143	25	168	148	26	174	148	26	174
Paraguay	ODC	218	11	229	202	11	212	202	11	212
Peru	USMAAG	344	211	554	378	162	540	378	162	540
Suriname	DAO	33	0	33	34	0	34	34	0	34
Trinidad & Tobago	USMLO	33	22	55	35	24	59	35	24	59
Uruguay	ODC	181	78	259	180	77	258	180	77	258
Venezuela	USMILGP	253	168	421	238	159	397	238	159	397
Regional Total		6156	3033	9189	6231	2887	9121	6231	2887	9121
<u>East Asia & Pacific:</u>										
Australia	ODC	123	184	307	142	173	315	142	173	315
Cambodia	DAO	36	12	48	82	27	109	82	27	109
East Timor	EMBASSY	0	0	0	48	20	68	48	20	68
Fiji	DAO	81	9	90	50	6	55	50	6	55
Indonesia	OMADP	306	76	382	296	74	370	296	74	370
Japan	MDAO	345	804	1149	317	740	1058	317	740	1058
Malaysia	ODC	286	234	520	279	228	507	279	228	507
Mauritius	EMBASSY	3	0	3	20	0	20	20	0	20
Mongolia	DAO	122	0	122	151	0	151	151	0	151
New Zealand	DAO	0	83	83	0	82	82	0	82	82
Philippines	JUSMAG	288	366	653	400	327	726	400	327	726
Singapore	ODC	139	466	605	158	528	686	158	528	686
South Korea	JUSMAG	387	1297	1685	459	1071	1530	459	1071	1530
Thailand	JUSMAG	454	681	1134	592	484	1076	592	484	1076
Vietnam	DAO	48	0	48	57	0	57	57	0	57
Regional Total		2618	4212	6829	3051	3760	6810	3051	3760	6810
<u>Europe & Eurasia:</u>										
Albania	ODC	170	73	243	168	72	240	168	72	240
Armenia	ODC	58	0	58	56	46	102	56	46	102
Austria	ODC	16	312	329	14	273	288	14	273	288
Azerbaijan	ODC	125	0	125	162	70	232	162	70	232
Belgium	ODC	9	441	450	9	437	446	9	437	446
Bosnia	ODC	161	87	248	159	86	245	159	86	245
Bulgaria	ODC	135	172	307	132	168	299	132	168	299
Croatia	ODC	197	89	286	209	94	302	209	94	302
Czech Republic	ODC	128	273	401	127	269	396	127	269	396
Denmark	ODC	138	294	432	139	295	434	139	295	434
Estonia	ODC	143	138	281	141	135	276	141	135	276
Finland	DAO	1	11	12	1	10	11	1	10	11
France	ODC	68	388	456	61	446	507	61	446	507
Georgia	ODC	148	66	214	159	71	230	159	71	230
Germany	ODC	251	428	679	203	431	633	203	431	633
Greece	ODC	493	1047	1539	673	1009	1682	673	1009	1682
Hungary	ODC	208	208	416	197	197	393	197	197	393
Italy	ODC	258	523	781	255	567	821	255	567	821
Kazakhstan	SAO	239	159	398	304	202	506	304	202	506
Kyrgyzstan	SAO	79	52	131	103	69	172	103	69	172

	ORG.	FY 2003 Actual			FY 2004 Estimate			FY 2005 Request		
		FMF	FMS	TOTAL	FMF	FMS	TOTAL	FMF	FMS	TOTAL
Latvia	ODC	128	85	214	160	107	267	160	107	267
Lithuania	ODC	167	72	239	170	73	243	170	73	243
<u>Europe & Eurasia Con't:</u>										
Luxembourg	EMBASSY	5	13	18	5	12	18	5	12	18
Macedonia (FYROM)	ODC	188	101	288	205	110	316	205	110	316
Malta	EMBASSY	40	0	40	28	0	28	28	0	28
Moldova	ODC	192	29	220	205	31	236	205	31	236
Netherlands	ODC	85	342	427	92	370	462	92	370	462
Norway	ODC	69	207	277	71	214	285	71	214	285
Poland	ODC	211	492	703	291	437	729	291	437	729
Portugal	ODC	375	361	736	331	404	735	331	404	735
Romania	ODC	139	134	273	137	137	274	137	137	274
Russia	DAO	206	11	216	225	12	237	225	12	237
Slovakia	ODC	107	88	195	121	99	219	121	99	219
Slovenia	ODC	108	78	185	111	80	191	111	80	191
Spain	ODC	236	236	471	215	215	431	215	215	431
Sweden	ODC	0	12	12	0	13	13	0	13	13
Switzerland	DAO	0	36	36	0	38	38	0	38	38
Tajikistan	DAO	294	0	294	118	118	236	118	118	236
Turkey	ODC	3516	825	4340	3628	851	4479	3628	851	4479
Turkmenistan	DAO	70	0	70	86	0	86	86	0	86
Ukraine	ODC	174	75	249	236	101	337	236	101	337
United Kingdom	ODC	37	150	187	36	143	178	36	143	178
Uzbekistan	SAO	80	80	160	91	91	183	83	83	165
Regional Total		9452	8188	17636	9834	8603	18436	9826	8595	18418
<u>Near East & South Asia:</u>										
Afghanistan	OMC	1313	0	1313	853	0	853	853	0	853
Algeria	DAO	26	0	26	89	48	137	89	48	137
Bahrain	OMC	318	477	795	272	407	679	272	407	679
Bangladesh	ODC	145	71	216	150	74	224	150	74	224
Egypt	OMC	1653	2479	4132	2310	2310	4621	2310	2310	4621
India	ODC	154	189	343	138	169	307	138	169	307
Israel	DAO	8	69	76	8	70	77	8	70	77
Jordan	MAP	715	477	1192	866	577	1443	866	577	1443
Kuwait	OMC	113	220	333	152	296	448	152	296	448
Lebanon	DAO	411	246	657	425	255	680	425	255	680
Morocco	ODC	519	222	741	511	219	730	511	219	730
Nepal	SAO	109	133	241	106	130	236	106	130	236
Oman	OMC	361	361	721	360	360	721	360	360	721
Pakistan	ODRP	251	206	457	234	234	468	234	234	468
Qatar	USLO	408	272	680	360	240	599	360	240	599
Saudi Arabia	USMTM	0	1030	1030	0	1038	1038	0	1038	1038
Sri Lanka	DAO	44	19	63	49	21	70	49	21	70
Tunisia	ODC	384	256	640	382	255	637	382	255	637
United Arab Emirates	USLO	182	727	909	277	647	924	277	647	924
Yemen	OMC	253	0	253	284	190	474	284	190	474
Regional Total		7367	7454	14818	7826	7540	15366	7826	7540	15366
WORLDWIDE TOTAL		28930	23761	52684	30254	23869	54124	30246	23861	54106

NOTE: Totals may not add due to rounding.

Overseas Military Program Management - Personnel Strengths

ORG.	FY 2003 Actual				FY 2004 Estimate				FY 2005 Request				
	MIL	CIV	LOCAL	TOT	MIL	CIV	LOCAL	TOT	MIL	CIV	LOCAL	TOT	
<u>Africa:</u>													
Botswana	ODC	2	0	1	3	2	0	1	3	2	0	1	3
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	SAO	1	0	0	1	1	0	0	1	2	0	0	2
Ghana	ODC	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	DAO	0	0	1	1	0	0	1	1	0	0	1	1
Nigeria	ODC	3	0	0	3	3	0	0	3	3	0	0	3
Rwanda	DAOa/	0	0	1	1	0	0	1	1	0	0	1	1
Senegal	ODC	1	0	2	3	1	0	3	4	1	0	3	4
South Africa	ODC	2	0	2	4	2	0	2	4	2	0	2	4
Regional Total		15	4	10	29	15	4	11	30	16	4	11	31
<u>Western Hemisphere:</u>													
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	1	8
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	3	3	11	5	3	3	11
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	5	1	2	8
El Salvador	USMILGP	4	1	2	7	3	0	2	5	3	0	2	5
Guatemala	USMILGP	1	0	1	2	1	0	1	2	1	0	1	2
Guyana	USMLO	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	4	1	3	8	4	1	3	8
Jamaica	USMLO	2	0	0	2	2	0	0	2	2	0	0	2
Mexico	USMLO	3	1	4	8	3	1	4	8	3	1	4	8
Nicaragua	DAOa/	0	0	0	0	1	1	0	2	1	1	0	2
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	USMAAG	3	1	5	9	1	0	4	5	1	0	4	5
Suriname	DAOa/	0	0	0	0	1	0	0	1	1	0	0	1
Trinidad and Tobago	USMLO	0	0	0	0	1	0	0	1	1	0	0	1
Uruguay	USODC	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	57	10	36	103	58	10	34	102
<u>East Asia & Pacific:</u>													
Australia	ODC a/	4	1	1	6	4	1	1	6	4	1	1	6
Cambodia	DAOa/	1	0	2	3	1	0	2	3	1	0	2	3
Fiji	DAOa/	1	0	1	2	1	0	1	2	1	0	1	2
Indonesia	DAOa/	1	0	4	5	1	0	4	5	1	0	4	5
Japan	MDAO	5	3	6	14	5	3	6	14	5	3	6	14
Malaysia	SAO	3	0	5	8	3	0	5	8	3	0	5	8
Mongolia	DAOb/	1	0	1	2	1	0	1	2	1	0	1	2
New Zealand	DAOa/	0	0	1	1	0	0	1	1	0	0	1	1
Philippines	JUSMAG	5	1	4	10	5	1	4	10	5	1	4	10
Singapore	ODC	7	0	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	16	0	10	26	16	0	10	26
Thailand	JUSMAG	14	1	11	26	14	1	11	26	14	1	11	26
Vietnam	DAOa/	0	0	1	1	0	0	1	1	0	0	1	1
Regional Total		59	6	51	116	58	6	51	115	58	6	51	115
<u>Europe and Eurasia:</u>													

ORG.	FY 2003 Actual				FY 2004 Estimate				FY 2005 Request				
	MIL	CIV	LOCAL	TOT	MIL	CIV	LOCAL	TOT	MIL	CIV	LOCAL	TOT	
Albania	ODC	1	0	2	3	1	0	2	3	1	0	2	3
Algeria	ODC	0	0	0	0	1	0	1	2	1	0	1	2
Armenia	ODC	1	0	0	1	1	0	0	1	1	0	0	1
Austria	ODC	2	0	0	2	2	0	0	2	2	0	0	2
Azerbaijan	ODC	1	0	1	2	1	0	1	2	1	0	1	2
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	2	4	2	0	2	4
Croatia	ODC	1	1	1	3	1	1	1	3	1	1	1	3
Czech Republic	ODC	1	0	2	3	1	0	2	3	1	0	2	3
Denmark	ODC	1	1	2	4	1	1	2	4	1	1	2	4
Estonia	ODC	2	0	1	3	2	0	1	3	2	0	1	3
France	ODC	1	1	2	4	1	1	2	4	1	1	2	4
Georgia	ODC	1	0	2	3	1	0	2	3	1	0	2	3
Germany	ODC	5	1	2	8	5	1	2	8	5	1	2	8
Greece	ODC	8	1	7	16	8	1	7	16	8	1	7	16
Hungary	ODC	1	1	2	4	1	1	2	4	1	1	2	4
Italy	ODC	3	1	4	8	3	1	4	8	3	1	4	8
Kazakhstan	SAO	2	0	1	3	2	0	1	3	2	0	1	3
Kyrgyzstan	SAO	1	1	1	3	2	0	1	3	2	0	1	3
Latvia	ODC	2	0	1	3	2	0	1	3	2	0	1	3
Lithuania	ODC	2	0	1	3	2	0	1	3	2	0	1	3
Macedonia (FYROM)	ODC	2	0	2	4	2	0	2	4	2	0	2	4
Moldova	ODC	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	2	0	1	3
Poland	ODC	4	0	3	7	4	0	3	7	4	0	3	7
Portugal	ODC	4	0	3	7	4	0	3	7	4	0	3	7
Romania	ODC	1	0	2	3	1	0	2	3	1	0	2	3
Russia	DAOa/	2	0	0	2	2	0	0	2	2	0	0	2
Serbia	ODC	0	0	0	0	0	0	0	0	1	0	0	1
Slovakia	ODC	1	0	1	2	2	0	1	3	2	0	1	3
Slovenia	ODC	1	0	2	3	1	0	2	3	1	0	2	3
Spain	ODC	4	2	1	7	4	2	1	7	4	2	1	7
Switzerland	DAOa/	0	0	1	1	0	0	1	1	0	0	1	1
Tajikistan	DAOa/	0	0	0	0	0	0	0	0	1	0	0	1
Turkey	ODC	22	4	9	35	22	1	6	29	19	1	6	26
Turkmenistan	DAOa/	1	0	0	1	1	0	1	2	1	0	1	2
Ukraine	ODC	1	0	2	3	1	0	2	3	1	0	2	3
United Kingdom	ODC	2	1	0	3	2	1	0	3	2	1	0	3
Uzbekistan	SAO	2	1	1	3	2	0	1	3	3	0	1	4
Regional Total		92	17	65	174	95	14	67	176	93	14	67	174
<u>Near East/South Asia:</u>													
Afghanistan	OMC	0	0	0	0	0	0	0	0	6	0	0	6
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	2	1	2	5	2	1	2	5
Iraq	OMC	0	0	0	0	0	0	0	0	9	0	0	9
Israel	DAOa/	0	1	0	1	1	1	0	2	1	1	0	2
Jordan	MAP	8	1	4	13	8	1	4	13	9	1	4	14
Kuwait	OMC	10	1	1	12	10	1	1	12	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	2	1	3	6	2	1	3	6	2	1	3	6
Nepal	SAO	1	0	1	2	1	0	1	2	1	0	1	2
Oman	OMC	5	1	1	7	5	1	1	7	6	1	1	8
Pakistan	ODRP	2	1	3	6	2	1	3	6	4	1	3	8
Qatar	USLO	2	1	0	3	3	0	0	3	2	1	0	3
Saudi Arabia	USMTM	63	0	8	71	63	0	8	71	59	0	8	67
Sri Lanka	DAOa/	0	0	1	1	0	0	1	1	0	0	1	1
Tunisia	ODC	6	1	1	8	4	1	0	5	4	1	0	5
United Arab Emirates	USLO	6	1	1	8	6	1	1	8	6	1	1	8
Yemen	OMC	0	0	1	1	0	0	1	1	2	0	1	3
Regional Total		141	19	44	204	143	18	43	204	160	17	44	221
WORLDWIDE TOTAL		365	54	208	627	368	52	208	628	385	51	207	643

ORG.	FY 2003 Actual				MIL	FY 2004 Estimate				MIL	FY 2005 Request		
	MIL	CIV	LOCAL	TOT		CIV	LOCAL	TOT	CIV		LOCAL	TOT	

- 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.

Excess Defense Articles

The Excess Defense Articles (EDA) program enables the United States to meet foreign policy objectives while simultaneously supporting our friends and allies in improving their defense capabilities. EDA can be sold to any country eligible to purchase defense articles, or provided on a grant basis to countries justified in the country papers to receive grant EDA. Providing EDA on a grant basis turns U.S. defense items that are in excess of our Approved Force Acquisition Objective and Approved Force Retention Stock into instruments that meet a number of our national security interests. Some of the objectives met by 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.

Providing EDA on a grant basis has contributed to our foreign policy successes. 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 UN peacekeeping operations. Grant EDA contributes to regional stability by supporting the ongoing military reform efforts of democratic governments in Central and Eastern Europe. Additionally, 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 United States, 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 2003		DELIVERED IN FY 2003	
	ACQ. VALUE	CURRENT VALUE	ACQ. VALUE	CURRENT VALUE
<u>AFRICA:</u>				
DJIBOUTI	827	248	0	0
GHANA	746	378	0	0
SENEGAL	5,032	1,067	0	0
REGIONAL TOTAL	6,605	1,693	0	0
<u>EAST ASIA & PACIFIC:</u>				
PHILIPPINES	9,227	927	0	0
REGIONAL TOTAL	9,227	927	0	0
<u>EUROPE & EURASIA:</u>				
ALBANIA	1,950	390	0	0
BOSNIA-HERZEGOVINA	387	39	0	0
GEORGIA	5,128	1,026	0	0
GREECE	60,966	7,131	0	0
LITHUANIA	520	104	520	104
MOLDOVA	2,660	437	923	93
PORTUGAL	1,637	360	107	54
TURKEY	1,902	260	1,040	52
REGIONAL TOTAL	75,150	9,747	2,590	303
<u>NEAR EAST & SOUTH ASIA:</u>				
AFGHANISTAN	31,058	6,203	0	0
BAHRAIN	38,089	5,805	1,319	65
EGYPT	107,663	15,019	0	0
ISRAEL	70,279	16,279	4,328	836
JORDAN	179,485	35,870	59,785	11,957
LEBANON	46	4	0	0
MOROCCO	109,699	13,396	13,009	1,352
NEPAL	2,323	696	0	0
PAKISTAN	304,955	42,369	3,871	194
SRI LANKA	33,080	3,308	0	0
TUNISIA	42,935	8,615	0	0
YEMEN	1,168	410	0	0
REGIONAL TOTAL	920,780	147,974	82,312	14,404
<u>WESTERN HEMISPHERE:</u>				
ARGENTINA	4,860	1,580	360	180
BOLIVIA	6,446	1,851	0	0
BRAZIL	1,000	400	0	0
CHILE	923	93	0	0
COLOMBIA	39,410	4,587	33,947	3,397
DOMINICAN REPUBLIC	105,977	5,434	0	0
ECUADOR	5,054	1,854	0	0
GUATEMALA	47	9	47	9
HONDURAS	153	15	0	0
MEXICO	1,692	445	292	25
NICARAGUA	997	117	0	0
SURINAME	3,014	927	0	0
REGIONAL TOTAL	169,573	17,312	34,646	3,611
WORLDWIDE TOTAL	1,181,335	177,653	119,548	18,318

NOTE: Totals may not add due to rounding.

**Sales of Excess Defense Articles
Under Foreign Military Sales Provisions**
(\$ in thousands)

	OFFERED IN FY 2003		DELIVERED IN FY 2003	
	ACQ. VALUE	CURRENT VALUE	ACQ. VALUE	CURRENT VALUE
<u>EAST ASIA & PACIFIC:</u>				
AUSTRALIA	8,748	3,164	38	15
JAPAN	300	150	0	0
NEW ZEALAND	50	25	0	0
TAIWAN	1,244,242	62,350	0	0
REGIONAL TOTAL	1,253,340	65,689	38	15
<u>EUROPE & EURASIA:</u>				
CZECH REPUBLIC	126,582	6,329	0	0
UNITED KINGDOM	6,001	327	0	0
REGIONAL TOTAL	132,583	6,656	0	0
<u>WESTERN HEMISPHERE:</u>				
MEXICO	19,616	1,961	0	0
REGIONAL TOTAL	19,616	1,961	0	0
WORLDWIDE TOTAL	1,405,539	74,306	38	15

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 conducted 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 2003
(\$ in thousands)

	REPLACEMENT VALUE	TOTAL RENTAL VALUE
<u>East Asia & Pacific:</u>		
Australia	9,152	1,280
Korea	27,668	0
Singapore	1,660	250
Regional Total	38,480	1,530
<u>Europe and Eurasia:</u>		
France	26,186	1,592
Germany	600	10
Norway	2,751	16
Switzerland	245	14
United Kingdom	1,233	82
Regional Total	31,015	1,714
<u>Near East & South Asia:</u>		
India	27,756	865
Israel	7,917	484
Jordan	34,065	0
Regional Total	69,738	1,349
WORLDWIDE TOTAL	139,233	4,593

Stockpiling of Defense Articles for Foreign Countries

Section 514(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 2005, it is anticipated that 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	96,750
1977	125,000
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	378,000
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	100,000
2004	100,000
2005	0

Countries and International Organizations Eligible for Purchasing Defense Articles and Services from the United States Government

Africa

Angola	July 28, 1995
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
Equatorial Guinea	November 28, 1983
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
Sao Tome & Principe	May 27, 1988
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

East Asia & Pacific

Australia	January 02, 1973
Brunei	January 02, 1973
Burma	January 02, 1973
Cambodia	January 02, 1973
China	June 12, 1984
Cook Islands	January 6, 1993
East Timor	May 27, 2002
Fiji	August 05, 1975
Indonesia	January 02, 1973
Japan	January 02, 1973
Korea	January 02, 1973
Kiribati	March 12, 2002
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
Palau	March 12, 2002
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
Tonga	November 5, 1987
Tuvalu	March 12, 2002
Vanuatu	January 06, 1993
Vietnam	January 02, 1973

Europe & Eurasia

Albania	March 22, 1994
Armenia	April 18, 2002
Austria	January 02, 1973
Azerbaijan	April 18, 2002
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

invalid	Federal Republic of Yugoslavia	January 02, 1973 Now
	Finland	January 02, 1973
	France	January 02, 1973
	Georgia	March 11, 1997
	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
	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
	Serbia and Montenegro	May 6, 2003
	Slovakia	January 05, 1994
	Slovenia	March 08, 1996
	Spain	January 02, 1973
	Sweden	January 02, 1973
	Switzerland	January 02, 1973
	Tajikistan	April 18, 2002
	Turkey	January 02, 1973
	Turkmenistan	March 11, 1997
	Ukraine	March 11, 1997
	United Kingdom	January 02, 1973
	Uzbekistan	March 11, 1997
	Near East	
	Algeria	April 8, 1983/April 10, 1985
	Bahrain	January 02, 1973
	Egypt	August 01, 1977
	Iran	January 02, 1973
	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	
Afghanistan	January 2, 1973
Bangladesh	December 31, 1980
India	January 02, 1973
Nepal	January 02, 1973
Pakistan	January 02, 1973
Sri Lanka	January 02, 1973
Western Hemisphere	
Antigua & Barbuda	April 8, 1982
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
Colombia	January 02, 1973
Costa Rica	January 02, 1973
Dominica	March 13, 1980
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
St. Kitts-Nevis	April 9, 1984
St. Lucia	March 13, 1980
St. Vincent & Grenadines	March 13, 1980
Suriname	April 14, 1976
Trinidad & Tobago	January 02, 1973
Uruguay	January 02, 1973
Venezuela	January 02, 1973

International Organization

Economic Community of West African States (ECOWAS)	February 17, 2000
NATO and its Agencies	January 2, 1973
Organization of African Unity	August 25, 1992
Organization of American States	January 2, 1973
Organization for Security and Cooperation in Europe	June 30, 1999
Regional Security Systems	January 4, 2004
United Nations and its Agencies	January 2, 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

Introduction

As a major arms exporter and a leader in worldwide arms control initiatives, the U.S. has legal responsibilities related to the control of U.S.-origin defense items. Of all responsibilities associated with the transfer of defense articles and services, none is more important than ensuring U.S.-origin defense items are used to further the security of the United States, its friends and allies. The continual challenge of meeting this responsibility grows as the variety and sensitivity of U.S.-origin defense items increases, and the methods of arms transfers diversify. In accordance with current law, sales of U.S.-origin defense articles and services may be made to countries only for purposes of internal security, legitimate self-defense, civic action, or regional or collective arrangements by authorized end users. The U.S. government and recipients of U.S.-origin defense items have a continual responsibility (from the time of the items' transfer until disposal) to ensure defense articles or services transferred under U.S. authorities are lawfully used.

Background

In 1996, Congress amended [Public Law 104–164] the Arms Export Control Act (AECA) with Section 40A [22 U.S.C. 2785] which require "...to the extent practicable, such program shall be designed to provide reasonable assurances that the recipient is complying with the requirements imposed by the United States Government with respect to the use, transfers, and security of defense articles and monitoring of U.S. arms transfers, and security of defense articles and services." Section 40A also requires an annual report to Congress on the actions taken to implement the end use monitoring program to include detailed accounting of costs and number of personnel associated with the program. Annual Congressional Budget Justification submissions and the establishment of the Golden Sentry End-Use Monitoring (EUM) program is DoD's response to the passage of Section 40A.

The Golden Sentry EUM program oversees compliance of the proper use of U.S.-origin defense articles and services provided to friends or international organizations via government-to-government programs. Golden Sentry includes all required actions to minimize, and investigate, possible violations of the AECA, Foreign Assistance Act (FAA), or other associated requisite provisions of sales and/or transfers. Primarily, Golden Sentry's objectives are to minimize security risks to the U.S., its friends and allies, and to ensure compliance with the technology control requirements that are associated with U.S.-origin arms transfers via government-to-government programs.

Enhanced End Use Monitoring

DoD applies tighter export controls for more sensitive defense articles and services transfers, and Golden Sentry has designated these items for "Enhanced EUM." Enhanced EUM reduces security risks to the U.S. and our allies by assuring that required export controls, specifically physical security and accountability requirements, are in place and enforced. Additionally, to ensure proper controls are maintained, DoD manages transportation for more sensitive items to the point of physical turnover to an appropriate agent representative of the recipient country. Below are the defense articles that have initially been identified for Enhanced EUM:

- Communication Security (COMSEC) Equipment (C4ISR)
- Night Vision Devices
- STINGER Missiles
- AMRAAM (AIM-120) Missiles

- JAVELIN Missiles
- TOW II-B Missiles
- Grant Assistance defense articles and services provided under the provision of Section 505 of the FAA, e.g., Military Assistance Program (MAP), Foreign Military Financing, et al.

Additional items being considered for Enhanced EUM are the AIM-9X and Harpoon Block II missiles, and the entire family of precision guided munitions, i.e., Joint Stand-Off Weapons (JSOW) and Joint Direct Attack Munitions (JDAM).

Efforts since the last report

Resources: A full time contractor employee was hired in 2003 to assist the EUM program manager. Additionally, in 2003, the Defense Security Cooperation Agency designated EUM as a major business activity (Program Element #27) for budget submissions in FY05 and beyond. Program Element #27 (PE #27) provides the resources needed to implement the Golden Sentry Enhanced EUM program throughout the security cooperation community. All PE #27 programming requirements for funding of EUM must ultimately be submitted to DSCA Policy, Plans and Programs (P3) Directorate for validation and approval for funding.

SAO EUM Workload Surveys: EUM activity was added to the annual Security Assistance Organization (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, thereby capturing the resource expenditures associated with the performance of “Routine” and “Enhanced” EUM by the SAO.

FY04		
	EUM WORKLOAD SURVEY	TOTAL SAO FUNDING
CENTCOM	205.1	12,433.0
EUCOM	740.4	21,095.0
NORTHCOM	8.2	815.0
PACOM	211.9	8,978.0
SOUTHCOM	780.8	9,273.0
TOTAL	1,946.4	52,594.0

Figures are represented in the thousands

Tiger Team Visits: A cornerstone of the Golden Sentry EUM program is the Tiger Team visit. EUM Tiger Team visits are of two types: 1) to assess U.S. government representatives and host nations’ compliance with transfer provisos and other conditions of sales, and 2) visits to follow-up potential violations of the AECA, FAA, or other transfer agreements, e.g., compliance visits.

EUM Tiger Team visit objectives are to:

1. Assess a specific country team or regional command’s overall EUM compliance program.
2. Assess a country’s compliance with specific physical security and accountability agreements through facility visits, records review, and review of local security policies and procedures.
3. Conduct routine or special inventories of U.S. -origin defense articles and/or services.
4. Appraise possible violations of the AECA, FAA, and/or other transfer instruments, e.g., Bi/Multi-Lateral Memoranda of Agreement or Understanding and other Implementing Agreements.

- ✓ Two Tiger Team assessment visits were conducted in 2003: Japan (July) and Egypt (October)

EUM Guidance: DSCA published two policy memorandums in reference to Golden Sentry to strengthen the program direction.

1. The first memorandum published was ‘End-Use Monitoring (EUM) Responsibilities in Support of the Department of Defense Golden Sentry EUM Program (DSCA Policy Memo 02-43),’ dated 4 December 2002. This policy issuance delineated the responsibilities of the security cooperation community in support of the Golden Sentry program.
2. The second policy memorandum was titled ‘Revised Guidance for Stinger/Man Portable Air Defense Systems (MANPADS) (DSCA Policy Memo 03-10),’ dated 4 June 2003. This memorandum increased the inventory requirements by the Combatant Commands for foreign Stinger missiles stocks from 5% to 100% annually.

The Way Ahead

Resources: \$1.2 million is programmed towards PE #27 (Enhanced EUM) in FY05 that will be managed at the DSCA Headquarters. Additionally, the Secretary of Defense approved an FY04 Budget Program Decision for four additional civilian EUM employees at DSCA, two to join DSCA in FY04, and two in FY05. Two of the employees will be assigned for duty within various theaters of operations, either to the PACOM, EUCOM or CENTCOM areas of responsibility to maintain our Golden Sentry program momentum.

EUM Workload Survey:

Projected for FY05

	PROJECTED EUM WORKLOAD SURVEY	TOTAL SAO FUNDING
CENTCOM	257.9	15,627.9
EUCOM	784.0	22,335.1
NORTHCOM	8.2	821.9
PACOM	224.8	9,525.8
SOUTHCOM	835.3	9,920.2
TOTAL	2,258.9	58,230.9

Figures are represented in thousands

Guidance: A third policy memorandum titled ‘Golden Sentry End-Use Monitoring (EUM) Coordinating Guidance (DSCA Policy memo 04-01) is in final staffing and will be published in January 2004. It provides refined guidance for implementation of Policy Memorandum 02-43 dated December 2002 that delineates DoD responsibilities in support of the Golden Sentry End-Use Monitoring program. This latest policy guidance addresses how to fund Enhanced EUM requirements, outlines procedures for the conduct of Tiger Team visits, and end of year data reporting formats to meet congressional reporting requirements. Additionally, DSCA will publish a Golden Sentry Handbook to further assist stakeholders to properly implement the Golden Sentry program.

Automation Support for EUM: This proposed Security Cooperation Information ‘Portal’ (SCIP) EUM application will allow the implementing agencies, SAO and host nations to input deliveries, receipts,

inventories and final disposition of Enhanced EUM items via a web based automation tool. The SCIP application will benefit the entire security assistance community by “tracking” all Enhanced EUM items from shipment to the host nations, receipts, mandatory inventories and final disposal. Other EUM stakeholders will be able to “read” the Enhanced EUM inputs in a real-time, secure and “compartmentalized” environment via the web.

Tiger Team Visits: A minimum of four Tiger Team visits is scheduled for 2004. Tentatively planned EUM Tiger Team visits are to CENTCOM (Jordan), EUCOM (Israel), PACOM (Australia and New Zealand) and SOUTHCOM (Chile).

Internal Review: Critical to the future incorporation of EUM into the SAO’s operations, and formalizing EUM performance requirements, are mandatory SAO internal review programs conducted by the Combatant Commands. A key objective in 2004 will be the inclusion of EUM into the Combatant Commands’ formal internal review programs, e.g., Performance Evaluation Group and/or Inspector General Assessment visits.

Outreach Programs: Golden Sentry will continue its outreach program via attendance at conferences hosted by the Combatant Commands; hosting EUM “worldwide” meetings; partaking in bi-lateral and other stakeholders’ meetings in various venues worldwide.

Conclusion

Much has been accomplished with the Golden Sentry Program. But, we recognize that there is much left to be achieved. However, we are confident that the momentum is positive and the EUM Golden Sentry program direction is clear: to protect key technologies and maintain our qualitative edge over those entities with interests unfriendly to those of our country and allies. The path of the Golden Sentry program is clear, and we look forward to further accomplishments in the future.

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 Directorate of Defense Trade Controls, in the Bureau of Political-Military Affairs (PM/DDTC), Department of State, is responsible for administering the International Traffic in Arms Regulations (ITAR) that implement the AECA. DDTC's functions include registration of manufacturers, brokers, and exporters, licensing of commercial defense trade, overseeing compliance with U.S. export regulations, supporting U.S. law enforcement agencies in criminal investigations and prosecutions of AECA violations, as well as the end-use monitoring of licensed transactions. End-use monitoring entails pre license or post shipment checks on any party or other aspect of a defense trade transaction in order to verify its bona fides.

DDTC is currently authorized a full-time complement of 73 State Department personnel, which is supplemented by eight detailed military officers and more than 30 contract personnel who ensure proper licensing and contribute to end-use monitoring efforts. DDTC's operational budget for FY 2003 amounted to approximately \$10.6 million.

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). U.S. mission personnel or in some instances DDTC personnel conduct Blue Lantern end-use checks abroad to verify the specific end-use and end-user of commercial defense exports and transfers controlled under the AECA.

The verification of parties to and end-use of 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 national security interests of the U.S. or our friends and allies in mind, including those which contribute to the proliferation of weapons of mass destruction,
- preserving continued technological advantages enjoyed by U.S. military forces and our friends and allies over potential adversaries, and
- encouraging foreign government support for U.S. principles, laws, regulations, and practices concerning the responsible sale, retransfer, and end-use of defense equipment and services.

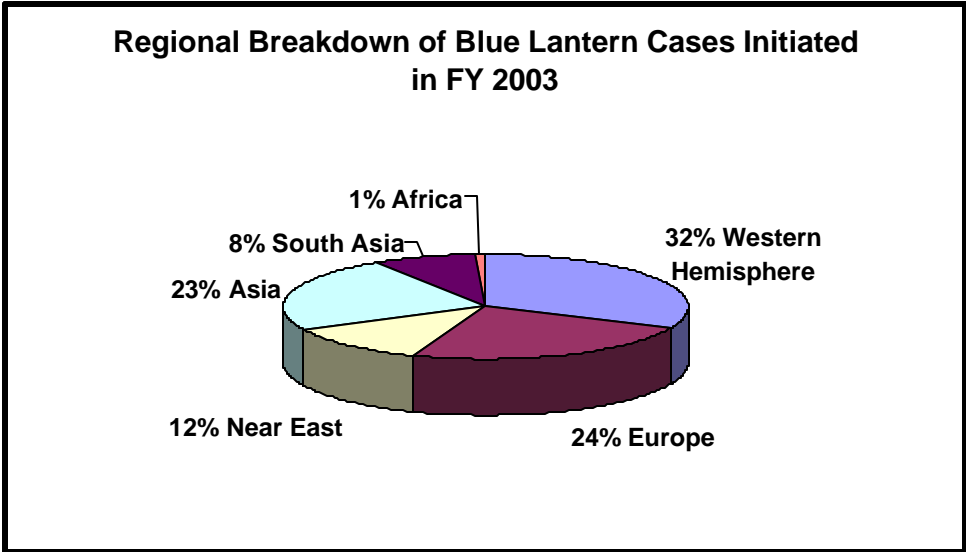
Although most commercial defense trade is legitimate, a small percentage of cases can fall prey to gray arms manipulations. The goal of the Blue Lantern program is to prevent gray arms networks from relying

on our export control process to obtain military items and technologies. The roughly 400 Blue Lantern checks conducted each year are the result of a targeted selection process to efficiently identify transactions that are most vulnerable to this type of diversion or misuse. License candidates for pre or post checks undergo review by Licensing and Compliance officers, who compare the facts of the case with specified, time-tested criteria to determine a transaction’s suitability for a Blue Lantern check. Since DDTC reviews over 50,000 transactions annually, the knowledge and trend analysis derived from the 400 checks is used by DDTC to better assess the national security concerns associated with the export of specific defense articles controlled by the U.S. Munitions List.¹

Results of End-Use Checks in FY 2003

In FY 2003, DDTC initiated 413 checks, consistent with the average of 400 checks annually. Blue Lantern checks performed in FY 2003 resulted in 76 unfavorable cases, which is the highest number of unfavorable checks in the history of the Blue Lantern program. A regional breakdown of the 413 checks performed in 2003 follows in Table 1.

Table 1:



Analysis of Unfavorable Checks by Commodity:

In terms of the commodities involved in unfavorable determinations, the most prevalent are firearms and ammunition, which together represented 49 percent (37/76) of unfavorable cases. Although the number of checks on firearms licenses also increased during FY 2003 (due to concerns over the proliferation of small arms and light weapons), these checks uncovered an unusually high number of firearms retailers that were either involved in criminal activity, diversion of firearms to unauthorized end-use, or were otherwise unreliable recipients of firearms. The percentage of unfavorable checks involving aircraft spare parts at risk of diversion to prohibited countries such as China and Iran (who actively seek spare parts to circumvent U.S. embargoes and to increase the operational readiness of military aircraft in their inventories), jumped from 18 percent in 2002 to 24 percent (18/76) in 2003. The increase in the percentage of unfavorable checks involving aircraft spare parts is also noteworthy because, unlike checks on firearms and ammunition, which increased significantly in 2003, the number of checks conducted on aircraft spare parts decreased in

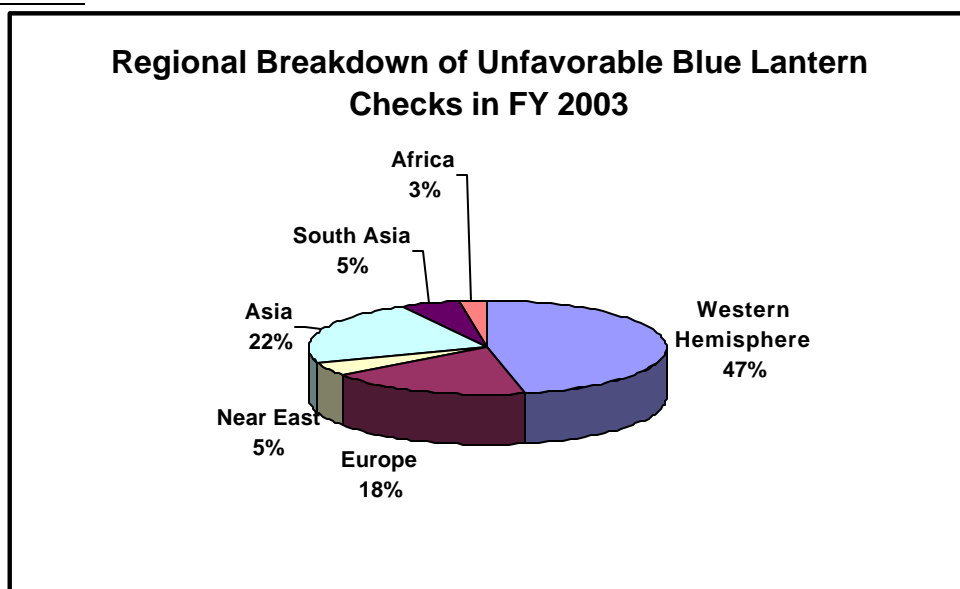
¹ Due to the targeted approach of the Blue Lantern Program, caution must be used when using this data for statistical purposes.

2003. The next category, electronics and communications equipment, captured seventeen percent (13/76) of the unfavorable cases. The remaining unfavorable checks involved commodities such as missile spare parts, military training equipment, and night vision equipment.

Analysis of Unfavorable Checks by Region:

In FY 2003, countries in Latin America, Canada, and the Caribbean (Western Hemisphere) comprised 47 percent of the unfavorable checks. However, this high proportion may be attributed to the greater number of checks conducted in this region in FY 2003. The region of Asia, in which 97 checks were conducted, continues to generate a high proportion of unfavorable cases (22 percent).

Table 2:



Generally, the unfavorable cases in the Western Hemisphere region involved commodities such as firearms, ammunition, and explosives. Asia's unfavorable cases revealed aircraft and helicopter spare parts, as well as electronics and communications equipment, to be in high demand.

Reasons for Unfavorable Checks in FY 2003:

In 31 percent of unfavorable cases in 2003, the foreign entities involved in the proposed transactions were not legitimate entities or were otherwise found ineligible to receive the items requested. Twenty-seven percent of the unfavorable cases revealed an unauthorized end-use or possible diversion of subject items. In 12 percent of the unfavorable cases, the purported end-user did not order the items that were the subject of the inquiry. In 8 percent of unfavorable cases, the foreign end-user could not adequately justify the purchase of what was established by DDTC to be an excessive quantity of items requested. Also in 8 percent of the unfavorable cases, the foreign company was not found or the responsible officers did not cooperate with the inquiry.

The following examples illustrate the effectiveness of the Blue Lantern Program in FY 2003:

- A pre-license check conducted on helicopter spare parts to an Asian country via a European intermediary discovered that the parts were in fact destined for an embargoed country. Case is under investigation by the Compliance and Enforcement Division.

- Possible diversion and misuse of electronics and communications equipment was precluded by a Blue Lantern pre-license check, which found that the Asian end-user did not have a relationship with the intermediary who ordered the parts. The intermediary then admitted that the equipment was intended for its own research. The license was denied.
- A post-shipment check for helicopter parts to a European government revealed that the government had returned the parts to the intermediary because it was not satisfied with them. When embassy attempted to contact the intermediary, the company could not be found. The results were reported to our Compliance and Enforcement Division for appropriate action.
- A license for helicopter spare parts destined for an Asian country was not issued when the intermediary to the transaction did not respond to embassy inquiries. The company appeared to be operated by one man who visited the office about twice a week.
- A pre-license check conducted on firearms and ammunition to a retailer in Central America revealed that the owner of the company had been involved in criminal activity. The license application was denied.
- A license request for pistols and revolvers to a Caribbean country was not issued because the Blue Lantern pre check found that the end-user company who had purportedly ordered the firearms could not be located.

End-Use Monitoring and Outreach

The profile of the Blue Lantern Program has been enhanced by DDTC's outreach efforts to US embassies, US exporters, and foreign governments. In FY 2003, DDTC officers presented Blue Lantern briefings at various US embassies throughout Asia and Central America to provide additional guidance to posts on the implementation of end-use checks. Briefings were also given to relevant host government officials to make them aware of the goals and purpose of the program as well as to facilitate its implementation abroad.

DDTC's visit to several countries in Central America directly addressed concerns over the proliferation of small arms in those countries. Furthermore, DDTC officers also attended conferences in the US and abroad in order to increase understanding of the program by foreign governments and US exporters and to emphasize the utility of end-use monitoring in fighting the gray arms trade. DDTC plans to continue outreach efforts in the future.

Compliance/Enforcement: State-ICE Cooperation

Cooperation between State and Immigration and Customs Enforcement at the Department of Homeland Security (DHS/ICE 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 2003, cooperative programs between State and ICE facilitated more than 665 commercial arms seizures at U.S. ports of exit totaling almost \$106 million, a significant increase from the \$65 million reported in FY 2002.

Effective enforcement and compliance with U.S. regulations could not be possible without the existence of cooperation between DHS/ICE and the Directorate of Defense Trade Controls. As part of this cooperative effort that has as its goal the verification of licensed exports and the compliance of exporters, DDTC electronically provides licensing data to all ICE Officers. This information allows for accurate, real-time monitoring by ICE officials of commercial arms moving in and out of the United States. Through ICE's

Operation Exodus, DDTC also provides authoritative opinions, rulings, and advice on a daily basis to ICE 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 arms sales are compiled on the basis of information available to the Department as of January 2004. The first column, entitled "Actual Deliveries preliminary," shows the preliminary dollar value totals by destination of exports during fiscal year 2003. These export totals are compiled from expired or completed licenses returned to the Department by the U.S. Customs Service, pending the availability of a more comprehensive method. The totals are preliminary because the vast majority of State Department munitions export 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. With full implementation of the Automated Export System (AES) and mandatory reporting by industry of actual shipment data, information that more realistically reflects "up-to-date" export transactions is expected to be available. In some instances, training and technical assistance are not included in the chart. 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 2004 and 2005. These estimates are based primarily on the dollar values of licenses approved for each destination during the prior two fiscal years (the dollar values of the authorized licenses are not shown, but the value of the authorizations provided to the U.S. defense industry reported in FY 2003 amounted to \$17 billion in defense articles and \$44 billion in defense services). Not all export approvals result in signed contracts and actual exports. Key factors that affect the final export value include the availability of the licensed item for shipping, and how quickly the license is returned to the Department. (See also the classified annex.) Other factors that cannot be quantified are economic and security considerations at the final destinations and changing U.S. foreign policy and national security considerations. In exercising defense trade controls, the Department administers embargoes on commercial arms transfers to more than two dozen countries in any given year as a result of U.S. law and foreign policy/national security considerations and UN Security Council decisions. Several other countries are subject to special scrutiny due to non-proliferation, regional security (e.g., disputed territories or borders), or human rights concerns. Countries for whom there were no actual deliveries in fiscal year 2003 and which had no authorized license for fiscal years 2002 and 2003 do not appear in this report.

The procedures for estimating defense commercial sales for out years (fiscal years 2004 and 2005) were revised for the 1995 CPD. Previous procedures for such estimates called for extrapolating exports for the first 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 on historical data, the Department now estimates exports for the first out year (fiscal year 2004) to be ten percent of the total dollar value of approved licenses for the previous two fiscal years (fiscal years 2002 and 2003). The exports for the second out year (fiscal year 2005) are estimated to be fifty percent of those for fiscal year 2003.

Commercial Exports Licensed or Approved Under the AECA
(Dollars in Thousands)

<i>Region Name</i>	<i>Country Name</i>	<i>Actual</i>	<i>Estimated Deliveries</i>	
		<i>FY 2003</i> <i>(Preliminary)</i>	<i>FY 2004</i>	<i>FY 2005</i>
AFRICA				
	ANGOLA	301	966	2,671
	BENIN	0	7	0
	BOTSWANA	468	4,656	15,148
	BURKINA FASO	0	0	0
	BURUNDI	0	0	0
	CAMEROON	0	328	1,563
	CAPE VERDE	0	8	42
	CHAD	0	0	0
	COMOROS	0	0	0
	CONGO	0	0	0
	COTE D'IVOIRE	346	139	414
	DJIBOUTI	102	1,011	56
	ERITREA	2	18	91
	ETHIOPIA	28	222	187
	GABON	0	1	0
	GHANA	95	30	100
	GUINEA	0	699	2,552
	KENYA	11	987	2,230
	MADAGASCAR	0	148	738
	MALAWI	0	7	35
	MALI	0	523	2,617
	MAURITANIA	23	2	12
	MAURITIUS	191	24	0
	MONGOLIA	0	891	150
	MOZAMBIQUE	0	0	0
	NAMIBIA	6	147	640
	NIGER	0	0	0
	NIGERIA	1,502	2,375	3,625
	REUNION	0	0	0
	RWANDA	25	3	13

<i>Region Name</i>	<i>Country Name</i>	<i>Actual FY 2003 (Preliminary)</i>	<i>Estimated Deliveries</i>	
			<i>FY 2004</i>	<i>FY 2005</i>
	SENEGAL	0	1,123	5,013
	SEYCHELLES	0	9	44
	SIERRA LEONE	0	189	0
	SOMALIA	0	0	0
	SOUTH AFRICA	578	31,631	11,762
	TANZANIA	0	83	93
	TOGO	0	0	0
	UGANDA	200	406	2,028
	ZAMBIA	9	639	2,855
	ZIMBABWE	0	0	0
	<i>AFRICA Totals :</i>	3,887	47,272	54,679
<i>EAST ASIA & PACIFIC</i>				
	AUSTRALIA	95,396	199,795	685,625
	BRUNEI	98	1,235	2,762
	BURMA	0	0	0
	CAMBODIA	0	0	0
	CHINA	0	14	0
	FIJI	0	1	3
	FRENCH POLYNESIA	0	1	3
	HONG KONG	481	10,481	2,425
	INDONESIA	1,642	18,797	69,424
	JAPAN	902,108	2,127,795	5,839,101
	KIRIBATI	0	34,836	169,992
	LAOS	0	0	0
	MACAU	85	0	0
	MALAYSIA	3,781	26,307	82,551
	MARSHALL ISLAND	0	7,003	35,017
	MICRONESIA	0	1	0
	NAURU	0	0	0
	NEW CALEDONIA	108	114	403
	NEW ZEALAND	9,747	36,526	45,677
	PALAU	0	22	108
	PAPUA NEW GUINEA	0	7	7

<i>Region Name</i>	<i>Country Name</i>	<i>Actual</i>	<i>Estimated Deliveries</i>	
		<i>FY 2003 (Preliminary)</i>	<i>FY 2004</i>	<i>FY 2005</i>
	PHILIPPINES	555	3,323	4,990
	SINGAPORE	7,269	116,200	112,877
	SOLOMON ISLANDS	0	400	2,000
	SOUTH KOREA	27,781	227,693	764,506
	TAIWAN	9,788	200,000	200,000
	THAILAND	7,700	17,412	40,614
	TONGA	162	14	68
	VANUATU	0	400	2,000
	VIETNAM	0	14	72
	<i>EAST ASIA & PACIFIC Totals :</i>	<i>1,066,701</i>	<i>3,028,391</i>	<i>8,060,225</i>
<i>EUROPE & NIS</i>				
	ALBANIA	0	441	0
	ANDORRA	0	13	40
	AUSTRIA	312	2,511	6,614
	AZERBAIJAN	0	94	468
	BELARUS	0	0	0
	BELGIUM	20,180	20,601	65,232
	BOSNIA HERZEGOVINA	0	654	547
	BULGARIA	128	1,637	1,555
	CROATIA	112	8,919	340
	CYPRUS	8	259	1,288
	CZECH REPUBLIC	887	2,923	6,072
	DENMARK	7,044	43,559	174,235
	ESTONIA	47	1,318	247
	FALKLAND ISLANDS	0	0	0
	FAROE ISLANDS	0	0	0
	FINLAND	3,333	10,673	22,907
	FRANCE	18,948	169,271	309,482
	GEORGIA	0	807	2,304
	GERMANY	41,015	329,722	1,090,149
	GIBRALTAR	0	3	17
	GREECE	8,453	147,941	503,191
	GREENLAND	0	35	176

<i>Region Name</i>	<i>Country Name</i>	<i>Actual</i>	<i>Estimated Deliveries</i>	
		<i>FY 2003 (Preliminary)</i>	<i>FY 2004</i>	<i>FY 2005</i>
	HUNGARY	119	831	1,336
	ICELAND	7	122	431
	IRELAND	584	6,754	20,022
	ITALY	532,665	136,563	384,380
	KAZAKHSTAN	0	726	3,346
	KYRGYZSTAN	0	108	540
	LATVIA	25	1,541	6,727
	LIECHTENSTEIN	0	9	1
	LITHUANIA	0	1,379	854
	LUXEMBOURG	563	26,478	46,118
	MACEDONIA	495	523	363
	MALTA	16	2	9
	MOLDOVA	0	119	50
	MONACO	5	1	2
	NETHERLANDS	8,580	54,655	154,191
	NORWAY	3,671	45,992	139,855
	POLAND	1,336	8,177	27,592
	PORTUGAL	745	8,036	35,930
	ROMANIA	147	1,762	3,015
	RUSSIA	1,623	9,761	40,840
	SAN MARINO	0	33	165
	SERBIA	0	12	58
	SLOVAKIA	0	783	3,486
	SLOVENIA	1,086	1,525	374
	SPAIN	35,193	65,827	158,328
	SWEDEN	10,220	60,974	110,286
	SWITZERLAND	1,834	15,327	22,838
	TURKEY	25,165	79,004	225,087
	TURKMENISTAN	0	10	50
	UKRAINE	0	19,417	97,034
	UNITED KINGDOM	59,460	1,069,820	2,696,062
	UZBEKISTAN	0	227	863
	YUGOSLAVIA	0	234	1,080

<i>Region Name</i>	<i>Country Name</i>	<i>Actual FY 2003 (Preliminary)</i>	<i>Estimated Deliveries</i>	
			<i>FY 2004</i>	<i>FY 2005</i>
	<i>EUROPE & NIS Totals :</i>	784,006	2,358,113	6,366,177
<i>NEAR EAST</i>				
	ALGERIA	119	59,674	279,485
	BAHRAIN	246	4,864	9,214
	EGYPT	15,061	73,697	90,126
	IRAQ	0	10,309	51,547
	ISRAEL	16,455	227,385	450,799
	JORDAN	707	17,024	55,850
	KUWAIT	9,360	35,876	141,852
	LEBANON	144	989	1,921
	MALDIVES	0	4	0
	MOROCCO	1,442	4,132	7,154
	OMAN	839	7,471	28,679
	QATAR	219	2,943	13,820
	SAUDI ARABIA	36,150	42,153	156,222
	TUNISIA	290	2,207	6,360
	UNITED ARAB EMIRATES	20,535	62,227	254,757
	YEMEN	45	585	2,172
	<i>NEAR EAST Totals :</i>	101,612	551,540	1,549,958
<i>NON-REGIONAL</i>				
	CLASSIFIED TOTALS	433,974	1,000,000	1,000,000
	INTERNATIONAL ORG.	5,726	403,240	1,252,166
	<i>NON-REGIONAL Totals :</i>	439,700	1,403,240	2,252,166
<i>SOUTH ASIA</i>				
	AFGHANISTAN	12	4,078	16,349
	BANGLADESH	512	1,313	586
	BHUTAN	5	1	2
	DIEGO GARCIA	0	65	0
	INDIA	5,651	17,740	64,359
	NEPAL	6	527	478

<i>Region Name</i>	<i>Country Name</i>	<i>Actual</i>	<i>Estimated Deliveries</i>	
		<i>FY 2003 (Preliminary)</i>	<i>FY 2004</i>	<i>FY 2005</i>
	PAKISTAN	590	17,132	82,921
	SRI LANKA	110	1,431	3,042
	<i>SOUTH ASIA Totals :</i>	6,886	42,287	167,737
<i>WESTERN HEMISPHERE</i>				
	ANGUILLA	0	0	0
	ANTIGUA-BARBUDA	29	12	36
	ARGENTINA	324	3,134	3,835
	ARUBA	0	35	90
	BAHAMAS	5	112	461
	BARBADOS	45	1,092	302
	BELIZE	79	260	137
	BERMUDA	1	13	62
	BOLIVIA	43	1,153	5,352
	BRAZIL	7,111	22,001	64,169
	BRITISH VIRGIN ISLANDS	0	0	1
	CANADA	154,212	273,521	426,472
	CAYMAN ISLANDS	10	88,333	272,764
	CHILE	2,408	13,204	37,214
	COLOMBIA	8,425	13,817	32,925
	COSTA RICA	423	2,462	1,292
	DOMINICA	26	11	43
	DOMINICAN REPUBLIC	776	7,416	1,238
	ECUADOR	1,056	3,480	3,273
	EL SALVADOR	903	1,236	2,038
	FRENCH GUIANA	111,780	41,011	186,228
	GRENADA	24	9	43
	GUADELOUPE	0	0	0
	GUATEMALA	273	469	1,629
	GUYANA	140	16,823	80,477
	HAITI	0	4	0
	HONDURAS	13	1,060	1,768
	JAMAICA	241	1,017	863
	MARTINIQUE	0	0	0

<i>Region Name</i>	<i>Country Name</i>	<i>Actual FY 2003 (Preliminary)</i>	<i>Estimated Deliveries</i>	
			<i>FY 2004</i>	<i>FY 2005</i>
	MEXICO	12,494	43,913	66,375
	MONTSERRAT	0	1	3
	NETHERLANDS ANTILLES	40	157	52
	NICARAGUA	299	113	349
	PANAMA	20	20,817	1,089
	PARAGUAY	0	558	2,787
	PERU	162	1,746	7,242
	ST KITTS AND NEVIS	2	1,801	4
	ST LUCIA	45	21	56
	ST VINCENT & GRENADINES	4	2	9
	SURINAME	17	12	13
	TRINIDAD & TOBAGO	145	530	239
	TURKS & CAICOS ISLANDS	3	3	2
	URUGUAY	135	509	314
	VENEZUELA	22,989	16,336	24,573
	WESTERN HEMISPHERE Totals :	324,702	578,204	1,225,819
	Grand Totals :	2,727,494	8,009,047	19,676,761

Foreign Military Financing Grants (11-1082)
(\$ in millions)

	Actual FY 2003	Estimated FY 2004	Proposed FY 2005
Appropriated Funds			
Egypt Grant	1,300.000	1,300.000	1,300.000
Israel Grant	2,100.000	2,160.000	2,220.000
Jordan Grant	198.000	206.000	206.000
Other Countries Grants	437.000	587.500	1,191.000
Administrative Costs	37.000	40.500	40.500
Total FMF Appropriation	<u>4,072.000</u>	<u>4,294.000</u>	<u>4,957.500</u>
Plus: Supplemental	2,059.100	287.000	
Plus: Transfer from Other Accounts-ERF		77.000	
Less: Transfer to Other Accounts-ACI	-113.000	-17.000	
Less: Appropriation Rescinded	-26.468	-25.234	
Total Budgetary Resources Available for Obligation	<u>5,991.632</u>	<u>4,615.766</u>	<u>4,957.500</u>
Plus: 2002 unobligated supplemental funds carried forward to and obligated in 2003	307.500		
Less: Unobligated balances for administrative costs expiring	<u>.002</u>		
Total FMF obligations	<u>6,299.130</u>	<u>4,615.766</u>	<u>4,957.500</u>
Total FMF Outlays (Net)	<u>5,749.710</u>	<u>5,431.000</u>	<u>4,547.000</u>

Foreign Military Financing Program Account (11-1085)
(\$ in millions)

	Actual FY 2003	Estimated FY 2004	Proposed FY 2005
Budget Authority			
Direct Loan Subsidy Appropriation	0.000	0.000	0.000
Subsidy Re-estimates	0.000	0.000	0.000
Total Budget Authority	<u>0.000</u>	<u>0.000</u>	<u>0.000</u>
Total Obligations	0.000	0.000	0.000
Outlays (Net)	6.951	0.000	0.000

Foreign Military Loan Liquidating Account (11X4121)
(\$ in millions)

	Actual FY 2003	Estimated FY 2004	Proposed FY 2005
Budget Authority for Guarantee Claims:			
Permanent Indefinite Authority	25.500	40.000	8.000
Collections of Guarantee Claims	7.071	12.853	25.603
Total Budget Authority	<u>32.571</u>	<u>52.853</u>	<u>33.603</u>
Total Obligations and Disbursements for Guaranteed Claims	32.571	52.853	33.603
Offsetting Collections			
Repayment of Direct Loans	-195.018	-107.940	-100.954
Repayment of FFB Loans	-234.075	-223.494	-220.486
Purchase of Loans from the Military Debt Reduction Account (11X4174)	-221.286	0.000	0.000
Total Offsetting Collections	<u>-650.379</u>	<u>-331.434</u>	<u>-321.440</u>
Outlays (Net)	-617.808	-278.581	-287.837

Direct Loan Financing Account (11X4122)

(\$ in millions)

	Actual FY 2003	Estimated FY 2004	Proposed FY 2005
Budget Authority and Obligations			
Direct Loans	3800.000	550.000	0.000
Interest on Treasury Borrowing	115.849	88.493	83.562
Payment for Negative Subsidy	0.000	0.275	0.000
Downward Subsidy Re-estimate	397.451	64.233	0.000
Interest on Downward Re-estimate	124.988	20.024	0.000
Total Budget Authority and Obligations	4438.288	723.025	83.562
Disbursements	783.917	239.200	427.588
Offsetting Collections:			
Collections from Loan Subsidy Account	-6.951	0.000	0.000
Interest on Uninvested Funds - Treasury	-40.533	0.000	0.000
Loan Repayments from Country	-710.913	-559.142	-418.861
Total Offsetting Collections	-758.397	-559.142	-418.861
Outlays (Net)	25.520	-319.942	8.727

Military Debt Reduction Financing Account (11X4174)

(\$ in millions)

	Actual FY 2003	Estimated FY 2004	Proposed FY 2005
Budget Authority and Obligations			
Loan Purchase from Liquidating Acct	221.287	0.000	0.000
Loan Purchase from Commercial Bank	0.000	31.839	0.000
Interest on Debt to Treasury	10.924	12.368	12.065
Downward Subsidy Re-estimate	0.000	0.016	0.000
Total Budget Authority and Obligations	232.211	44.223	12.065
Disbursements	232.208	44.226	12.065
Offsetting Collections:			
Collections from Loan Subsidy Account	-5.225	-0.087	-14.000
Collection on Upward Subsidy Re-estimate	-1.506	-0.068	0.000
Collection from Liquidating Account	0.000	-31.839	0.000
Interest on Uninvested Funds	-5.527	0.000	0.000
Loan Repayments from Country	-2.502	-15.552	-20.052
Total Offsetting Collections	-14.760	-47.546	-34.052
Outlays (Net)	217.448	-3.320	-21.987

International Military Education & Training Program (11-1081)
(\$ in millions)

	Actual FY 2003	Estimated FY 2004	Proposed FY 2005
Appropriation	80.000	91.700	89.730
Recession	-0.520	-0.541	0.000
Unobligated funds carried forward from previous year available for obligation	<u>2.122</u>	<u>1.841</u>	<u>0.000</u>
Total budgetary resources available for obligation	81.602	93.000	89.730
Current Year Obligations	79.941	93.000	89.730
Unobligated balance of new authority carried forward for new obligations:	<u>0.039</u>	<u>0.000</u>	<u>0.000</u>
Prior Year downward obligation adjustments carried forward and available for new obligations	1.802	0.000	0.000
Total unobligated balance carried forward and available for new obligations	<u>1.841</u>	<u>0.000</u>	<u>0.000</u>
Net Outlays	70.349	89.000	90.000

Special Defense Acquisition Fund (11X4116)

(\$ in millions)

	Actual FY 2003	Estimated FY 2004	Proposed FY 2005
Purchases of Equipment (Obligations)	0.000	0.000	0.000
Gross Budget Authority (a)	0.000	0.000	0.000
Offsetting Collections	-143	0.000	0.000
Net Budget Authority	-143	0.000	0.000
Financing Disbursements	1.410	3.000	0.000
Offsetting Collections	-143	0.000	0.000
Net Outlays	1.267	3.000	0.000
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"	10.000	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	3,674.000	3,674.000	3,627.000	3,627.000	3,650.000 (G)	3,695.000 (H)
2002 Sup	387.000	387.000	(I)	(I)	357.000 (I)	357.000 (I)
2003	4,107.200	4,107.200	4,107.200	4,107.200	4,072.000 (J)	4,072.000 (J)
2003 Sup	2,059.100	2,059.100	(K)	(K)	2,059.100 (K)	2,059.100 (K)
2004	4,414.000	4,414.000	(L)	(L)	(L)	77.000 (M)
2004 Sup	287.000	287.000	(N)	(N)	287.00 (N)	287.000 (N)
2005	4,957.500	4,957.500				

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) P.L. 107-115 appropriated \$3,650M for FY 2002 FMF Grants.
 - (H) Includes \$45M appropriated under P.L. 107-38, the Emergency Response Fund. The Authorization was waived.
 - (I) P.L. 107-206 appropriated \$357M for FY 2002 Supplemental FMF Grants. The Authorization was waived.
 - (J) P.L. 108-7 appropriated \$4,072M for FY 2003, of which \$26.468M was rescinded and \$93M was transferred to State for Colombia Andean Counter narcotics Initiative (ACI).
 - (K) P.L. 108-11 appropriated \$2,059.1M for FY 2003 Supplemental, of which \$20M was transferred to State for Colombia Andean Counter narcotics Initiative (ACI). The Authorization was waived.
 - (L) P.L. 108-199. The Authorization was waived.
 - (M) Includes \$77M appropriated under P.L. 107-38, the Emergency Response Fund, transferred to FMF in October 2003 for Afghanistan. The Authorization was waived.
 - (N) P.L. 108-106 appropriated \$287M for FY 2004 Supplemental. The Authorization was waived.

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	3,800.000	3,800.000 (i)
2004	550.000	550.000 (j)
2005	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.
- (i) Continuing Resolution Authority (P.L. 107-229)
- (j) Continuing Resolution Authority (P.L. 108-84)

**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
2004	0.000	0.000
2005	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 (c)(m)	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	(M)	39.000 (M)
1997	45.000	(N)	43.475 (N)
1998	50.000	(O)	50.000 (O)
1999	50.000	(P)	49.951 (P)
2000	50.000	(Q)	49.810 (Q)
2001	57.875	55.000	57.748 (R)
2002	50.800	65.000	70.000 (S)
2003	80.000	85.000	79.480 (T)
2004	91.700		(U)
2005	89.730		

NOTE:

- (1) The Military Assistance Program included International Military Education and Training Program prior to FY 1976.
- (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

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. The Authorization was waived.

- (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.
- (T) P.L. 108-7 appropriated \$80M for FY 2003, of which \$.52M was rescinded.
- (U) P.L. 108-199. 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	375.620 (n)
2003	108.250	115.000	214.252 (o)
2004	94.900		50.000 (p)
2005	104.000		

- (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.
- (n) Reflects FY02 ERF and Supplemental Funds and \$620,000 UNAMSIL reimbursement.
- (o) Reflects FY03 Supplemental Funds and .65% statutory reduction
- (p) Reflects FY04 Supplemental Funds

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	50.000
1992	0.000	0.000	0.000	50.000
1993	0.000	0.000	62.678	50.000
1994	0.000	0.000	49.608	50.000
1995	0.000	0.000	39.300	50.000
1996	0.000	0.000	23.577	50.000
1997	10.599	0.000	16.500	50.000
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	25.500	0.000	25.500	
2004	40.000	0.000	40.000	
2005	8.000	0.000		8.000

(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
197T	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	2,490.000	(p)	4,802.082 (gg)
2004	2,535.000	(p)	3,263.309 (hh)
2005	2,520.000	(p)	

- (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

(gg) Net of 0.65% rescission of Consolidated Appropriations Resolution, 2003 (P.L. 108-7). Includes \$2.422 billion in emergency supplemental appropriations and \$100 million reimbursement from the Iraq Relief and Reconstruction Fund.

(hh) Net of 0.59% rescission of Consolidated Appropriations Act, 2004 (P.L. 108-199). Includes \$872 million in emergency supplemental appropriations, \$100 million mandatory transfer from the Iraq Relief and Reconstruction Fund, and \$153 million transfer from the Emergency Response Fund.

Country/Account Summaries ('Spigots')
FY 2003
(\$ in thousands)

Countries/Accounts	CSH	DA	ESF	FMF	FSA	IMET	INCLE/ ACI	MRA	NADR	Peace Corps	PKO	SEED	Other	Total	P.L.480
Africa															
Africa Regional	82,258	59,656	-	-	-	-	6,700	-	-	-	11,000	-	-	159,614	19,128
Africa Regional Fund	-	-	30,130	-	-	-	-	-	-	-	-	-	-	30,130	-
Africa Regional Peacekeeping	-	-	-	-	-	-	-	-	-	-	59,134	-	-	59,134	-
African Contingency Operations Training and Assistance	-	-	-	-	-	-	-	-	-	-	8,000	-	-	8,000	-
African Development Bank	-	-	-	-	-	-	-	-	-	-	-	-	5,071	5,071	-
African Development Foundation	-	-	-	-	-	-	-	-	-	-	-	-	18,568	18,568	-
African Development Fund	-	-	-	-	-	-	-	-	-	-	-	-	107,371	107,371	-
Angola	7,797	4,568	3,825	-	-	152	-	-	4,000	-	-	-	-	20,342	104,545
ATA Regional - Africa	-	-	-	-	-	-	-	-	5,690	-	-	-	-	5,690	-
Benin	6,638	9,403	-	-	-	382	-	-	-	2,809	-	-	-	19,232	4,292
Botswana	-	-	-	490	-	716	-	-	-	1,236	-	-	-	2,442	-
Burkina Faso	-	-	-	-	-	-	-	-	-	2,616	-	-	-	2,616	6,493
Burundi	750	4,400	1,150	-	-	-	-	-	-	-	-	-	-	6,300	23,838
Cameroon	-	-	-	-	-	306	-	-	-	3,317	-	-	-	3,623	100
Cape Verde	-	-	-	-	-	143	-	-	-	1,437	-	-	-	1,580	3,682
Central African Republic	-	-	-	-	-	13	-	-	-	-	-	-	-	13	204
Chad	-	-	-	-	-	253	-	-	500	1,110	-	-	-	1,863	5,050
Congo Basin Forest Partnership	-	15,000	-	-	-	-	-	-	-	-	-	-	-	15,000	-
Cote d'Ivoire	-	-	-	-	-	-	-	-	-	948	-	-	-	948	6,296
Countries in Transition	-	-	1,750	-	-	-	-	-	-	-	-	-	-	1,750	-
Democratic Republic of Congo	15,916	11,376	2,800	-	-	-	-	-	-	-	-	-	-	30,092	43,530
Djibouti	-	2,000	25,000	13,150	-	154	-	-	350	-	-	-	-	40,654	3,348
East Africa Counterterrorism	-	-	2,700	-	-	-	-	-	-	-	-	-	-	2,700	-
Eritrea	5,600	4,560	-	-	-	181	-	-	2,400	-	-	-	-	12,741	66,245
Ethiopia	30,752	19,686	1,075	4,000	-	210	-	-	300	-	-	-	-	56,023	352,248
Gabon	-	-	-	-	-	233	-	-	-	2,498	-	-	-	2,731	-
Gambia	-	-	-	-	-	68	-	-	-	1,961	-	-	-	2,029	1,475
Ghana	19,150	20,716	-	490	-	522	-	-	-	2,730	-	-	-	43,608	20,345
Guinea	6,860	16,717	-	-	-	210	-	-	50	2,424	-	-	-	26,261	9,809
Guinea-Bissau	-	-	-	-	-	77	-	-	225	-	-	-	-	302	1,670
Kenya	36,488	14,183	2,950	1,000	-	596	-	-	622	3,318	-	-	-	59,157	34,664
Kimberley Process	-	-	2,000	-	-	-	-	-	-	-	-	-	-	2,000	-
Lesotho	-	-	-	-	-	52	-	-	-	2,347	-	-	-	2,399	-
Liberia	2,627	3,758	4,420	-	-	-	-	-	200	-	-	-	-	11,005	17,684
Madagascar	9,293	10,504	-	-	-	209	-	-	-	2,211	-	-	-	22,217	10,381
Malawi	17,480	9,849	-	-	-	312	-	-	-	2,228	-	-	-	29,869	3,202
Mali	13,821	26,581	-	-	-	309	-	-	-	3,683	-	-	-	44,394	-
Mauritania	-	-	-	-	-	131	-	-	-	1,941	-	-	-	2,072	16,252
Mauritius	-	-	-	-	-	110	-	-	-	-	-	-	-	110	-
Military Health Affairs	-	-	-	1,990	-	-	-	-	-	-	-	-	-	1,990	-
Mozambique	22,601	27,567	-	-	-	196	-	-	2,632	2,027	-	-	-	55,023	16,166
MRA Africa	-	-	-	-	-	-	-	228,523	-	-	-	-	-	228,523	-
Namibia	7,601	4,851	-	-	-	175	-	-	600	2,492	-	-	-	15,719	-

Country/Account Summaries ('Spigots')

FY 2003

(\$ in thousands)

Countries/Accounts	CSH	DA	ESF	FMF	FSA	IMET	INCLE/ ACI	MRA	NADR	Peace Corps	PKO	SEED	Other	Total	P.L.480
Niger	-	-	-	-	-	103	-	-	-	2,634	-	-	-	2,737	9,548
Nigeria	47,911	23,385	1,900	-	-	96	-	-	-	-	-	-	-	73,292	-
REDSO/ESA	10,452	23,774	-	-	-	-	-	-	-	-	-	-	-	34,226	-
Regional Center for Southern Africa	-	21,115	-	-	-	-	-	-	-	-	-	-	-	21,115	-
Regional Organizations	-	-	1,700	-	-	-	-	-	-	-	-	-	-	1,700	-
Republic of the Congo	-	-	-	-	-	108	-	-	-	-	-	-	-	108	655
Rwanda	16,168	6,555	-	-	-	162	-	-	375	-	-	-	-	23,260	16,089
Safe Skies	-	-	5,000	-	-	-	-	-	-	-	-	-	-	5,000	-
Sao Tome and Principe	-	-	-	500	-	180	-	-	-	-	-	-	-	680	-
Senegal	15,167	15,014	-	480	-	1,062	-	-	-	3,543	-	-	-	35,266	2,146
Seychelles	-	-	-	-	-	53	-	-	-	-	-	-	-	53	-
Sierra Leone	784	3,007	11,910	-	-	318	-	-	-	-	-	-	-	16,019	19,486
Somalia	250	3,122	-	-	-	-	-	-	450	-	-	-	-	3,822	136,422
South Africa	28,565	34,393	80	5,950	-	1,258	-	-	-	2,745	-	-	-	72,991	-
Sudan	700	18,171	7,000	-	-	-	-	-	896	-	-	-	-	26,767	111,316
Swaziland	-	-	-	-	-	97	-	-	-	1,171	-	-	-	1,268	-
Tanzania	25,040	12,769	-	-	-	210	-	-	-	2,822	-	-	-	40,841	22,535
Togo	-	-	-	-	-	116	-	-	-	2,415	-	-	-	2,531	-
Uganda	41,114	27,183	-	-	-	170	-	-	-	1,480	-	-	-	69,947	75,896
West Africa Regional	19,461	18,232	-	-	-	-	-	-	-	-	-	-	-	37,693	1,141
Zambia	37,904	15,676	-	-	-	225	-	-	450	3,128	-	-	-	57,383	-
Zimbabwe	11,923	2,919	4,050	-	-	-	-	-	-	-	-	-	-	18,892	-
Total Africa	541,071	490,690	109,440	28,050	-	9,868	6,700	228,523	19,740	63,271	78,134	-	131,010	1,706,497	1,165,881
East Asia and the Pacific															
ATA Regional - East Asia and the Pacific	-	-	-	-	-	-	-	-	1,820	-	-	-	-	1,820	-
Burma	2,000	-	6,954	-	-	-	-	-	-	-	-	-	-	8,954	-
Cambodia	22,100	3,687	15,000	-	-	-	-	-	2,765	-	-	-	-	43,552	-
China	-	-	-	-	-	-	-	-	-	977	-	-	-	977	-
Democracy Programs (China, Hong Kong, Tibet)	-	-	5,961	-	-	-	-	-	-	-	-	-	-	5,961	-
EAP Regional HIV/AIDS	-	-	1,720	-	-	-	-	-	-	-	-	-	-	1,720	-
East Timor	-	-	24,838	1,990	-	119	-	-	-	1,219	3,250	-	-	31,416	-
Fiji	-	-	-	-	-	-	-	-	-	924	-	-	-	924	-
Indonesia	31,955	39,016	59,610	-	-	276	-	-	1,008	-	-	-	-	131,865	29,540
KEDO	-	-	-	-	-	-	-	-	4,968	-	-	-	-	4,968	-
Kiribati	-	-	-	-	-	-	-	-	-	1,111	-	-	-	1,111	-
Laos	1,000	1,000	-	-	-	-	2,500	-	1,200	-	-	-	-	5,700	405
Malaysia	-	-	-	-	-	831	-	-	1,267	-	-	-	-	2,098	-
Micronesia	-	-	-	-	-	-	-	-	-	1,756	-	-	-	1,756	-
Mongolia	-	-	10,000	990	-	767	-	-	-	1,765	-	-	-	13,522	-
MRA East Asia	-	-	-	-	-	-	-	19,528	-	-	-	-	-	19,528	-
North Korea	-	-	-	-	-	-	-	-	-	-	-	-	-	-	15,698
Papua New Guinea	-	-	-	-	-	256	-	-	-	-	-	-	-	256	-
Philippines	22,920	28,209	45,000	49,870	-	2,400	-	-	2,094	2,624	-	-	-	153,117	-

Country/Account Summaries ('Spigots')

FY 2003

(\$ in thousands)

Countries/Accounts	CSH	DA	ESF	FMF	FSA	IMET	INCLE/ ACI	MRA	NADR	Peace Corps	PKO	SEED	Other	Total	P.L.480
Regional Democracy	-	-	1,000	-	-	-	-	-	-	-	-	-	-	1,000	-
Regional Security Fund	-	-	200	-	-	-	-	-	-	-	-	-	-	200	-
Regional Women's Issues	-	-	1,000	-	-	-	-	-	-	-	-	-	-	1,000	-
Samoa	-	-	-	-	-	76	-	-	-	1,364	-	-	-	1,440	-
Singapore	-	-	-	-	-	-	-	-	200	-	-	-	-	200	-
Solomon Islands	-	-	-	-	-	151	-	-	-	40	-	-	-	191	-
South Pacific Fisheries	-	-	18,000	-	-	-	-	-	-	-	-	-	-	18,000	-
Taiwan	-	-	-	-	-	-	-	-	250	-	-	-	-	250	-
Thailand	1,500	1,250	-	1,990	-	1,768	3,700	-	200	1,818	-	-	-	12,226	-
Tonga	-	-	-	-	-	127	-	-	-	1,076	-	-	-	1,203	-
Vanuatu	-	-	-	-	-	106	-	-	-	1,454	-	-	-	1,560	-
Vietnam	5,300	7,671	-	-	-	-	-	-	2,527	-	-	-	-	15,498	-
Total East Asia and the Pacific	86,775	80,833	189,283	54,840	-	6,877	6,200	19,528	18,299	16,128	3,250	-	-	482,013	45,643
Europe and Eurasia															
Albania	-	-	-	7,900	-	957	-	-	650	1,148	-	28,500	-	39,155	-
Armenia	-	-	-	5,000	89,415	659	-	-	1,261	1,702	-	-	-	98,037	3,991
ATA Regional - Europe and Eurasia	-	-	-	-	-	-	-	-	22,330	-	-	-	-	22,330	-
Azerbaijan	-	-	-	5,000	45,938	878	-	-	3,450	1,275	-	-	-	56,541	2,974
Belarus	-	-	-	-	9,045	-	-	-	-	-	-	-	-	9,045	-
Bosnia and Herzegovina	-	-	-	2,400	-	796	-	-	641	-	-	50,150	-	53,987	-
Bulgaria	-	-	-	19,000	-	1,324	-	-	900	2,844	-	28,000	-	52,068	-
Central and Eastern Europe Regional	250	-	-	-	-	-	-	-	-	-	-	-	-	250	-
Central Asian Republics	1,000	-	-	-	-	-	-	-	-	-	-	-	-	1,000	-
Croatia	-	-	-	5,500	-	700	-	-	750	-	-	30,000	-	36,950	-
Cyprus	-	-	14,902	-	-	-	-	-	260	-	-	-	-	15,162	-
Czech Republic	-	-	-	25,900	-	1,929	-	-	530	-	-	-	-	28,359	-
Estonia	-	-	-	9,250	-	1,099	-	-	635	-	-	-	-	10,984	-
European Bank for Reconstruction and Development	-	-	-	-	-	-	-	-	-	-	-	-	35,572	35,572	-
Georgia	-	-	-	6,900	84,056	1,184	-	-	1,050	1,521	-	-	-	94,711	3,006
Greece	-	-	-	-	-	594	-	-	-	-	-	-	-	594	-
Hungary	-	-	-	18,900	-	1,888	-	-	350	-	-	-	-	21,138	-
International Fund for Ireland	-	-	24,838	-	-	-	-	-	-	-	-	-	-	24,838	-
Irish Visa Program	-	-	3,460	-	-	-	-	-	-	-	-	-	-	3,460	-
Kazakhstan	-	-	-	2,900	43,416	872	-	-	1,900	2,208	-	-	-	51,296	-
Kosovo	-	-	-	-	-	-	-	-	-	-	-	85,000	-	85,000	-
Kyrgyz Republic	-	-	-	3,900	37,878	1,068	-	-	2,000	1,470	-	-	-	46,316	-
Latvia	-	-	-	9,250	-	1,091	-	-	1,150	-	-	-	-	11,491	-
Lithuania	-	-	-	10,500	-	1,087	-	-	820	-	-	-	-	12,407	-
Macedonia	-	-	-	11,900	-	676	-	-	300	1,393	-	50,000	-	64,269	-
Malta	-	-	-	5,000	-	292	-	-	480	-	-	-	-	5,772	-
Moldova	-	-	-	1,000	30,242	988	-	-	975	1,996	-	-	-	35,201	-
MRA Europe	-	-	-	-	-	-	-	74,915	-	-	-	-	-	74,915	-
OSCE Bosnia	-	-	-	-	-	-	-	-	-	-	9,900	-	-	9,900	-

Country/Account Summaries ('Spigots')

FY 2003

(\$ in thousands)

Countries/Accounts	CSH	DA	ESF	FMF	FSA	IMET	INCLE/ ACI	MRA	NADR	Peace Corps	PKO	SEED	Other	Total	P.L.480
OSCE Regional - Europe	-	-	-	-	-	-	-	-	-	-	7,858	-	-	7,858	-
Poland	-	-	-	27,900	-	2,172	-	-	500	-	-	-	-	30,572	-
Portugal	-	-	-	-	-	850	-	-	-	-	-	-	-	850	-
Regional FSA	-	-	-	-	59,970	-	-	-	-	-	-	-	-	59,970	-
Regional SEED	-	-	-	-	-	-	-	-	-	-	-	69,437	-	69,437	-
Romania	-	-	-	24,900	-	1,651	-	-	867	3,653	-	30,500	-	61,571	-
Russia	3,000	-	-	-	143,307	777	-	-	2,500	888	-	-	-	150,472	5,536
Science Centers/Bio Redirection	-	-	-	-	-	-	-	-	52,000	-	-	-	-	52,000	-
Serbia and Montenegro	-	-	-	-	-	-	-	-	1,782	-	-	150,000	-	151,782	-
Slovakia	-	-	-	14,500	-	920	-	-	700	-	-	-	-	16,120	-
Slovenia	-	-	-	4,000	-	935	-	-	500	-	-	-	-	5,435	-
Tajikistan	-	-	-	-	25,853	339	-	-	350	-	-	-	-	26,542	9,994
Turkey	-	-	1,000,000	17,350	-	2,800	-	-	600	-	-	-	-	1,020,750	-
Turkmenistan	-	-	-	690	7,805	216	-	-	50	1,609	-	-	-	10,370	-
Ukraine	1,750	-	-	4,500	138,700	1,698	-	-	2,000	4,785	-	-	-	153,433	-
Uzbekistan	-	-	-	8,600	39,435	1,104	-	-	1,927	1,871	-	-	-	52,937	-
Total Europe and Eurasia	6,000	-	1,043,200	252,640	755,060	31,544	-	74,915	104,208	28,363	17,758	521,587	35,572	2,870,847	25,501
Near East															
Algeria	-	-	-	-	-	612	-	-	-	-	-	-	-	612	-
ATA Regional - Near East Asia	-	-	-	-	-	-	-	-	11,815	-	-	-	-	11,815	-
Bahrain	-	-	-	90,000	-	448	-	-	-	-	-	-	-	90,448	-
Egypt	-	-	911,002	1,291,550	-	1,232	-	-	-	-	-	-	-	2,203,784	2,347
Iraq	40,000	-	-	-	-	-	-	-	2,950	-	50,000	-	-	92,950	137,424
Iraq Opposition	-	-	10,000	-	-	-	-	-	-	-	-	-	-	10,000	-
Iraq Pre-positioning	-	-	140,000	-	-	-	24,601	-	-	-	-	-	-	164,601	-
Iraq War Crimes Tribunal	-	-	10,000	-	-	-	-	-	-	-	-	-	-	10,000	-
Israel	-	-	596,100	3,086,350	-	-	-	-	-	-	-	-	-	3,682,450	-
Jordan	-	-	948,000	604,000	-	2,400	-	-	1,448	642	-	-	-	1,556,490	-
Lebanon	-	-	34,772	-	-	700	-	-	1,475	-	-	-	-	36,947	-
Middle East Democracy	-	-	4,000	-	-	-	-	-	-	-	-	-	-	4,000	-
Middle East Multilaterals	-	-	2,900	-	-	-	-	-	-	-	-	-	-	2,900	-
Middle East Partnership Initiative	-	-	90,000	-	-	-	-	-	-	-	-	-	-	90,000	-
Middle East Regional Cooperation	-	-	4,900	-	-	-	-	-	-	-	-	-	-	4,900	-
Morocco	-	6,644	-	4,900	-	1,575	-	-	-	2,549	-	-	-	15,668	-
MRA Humanitarian Migrants to Israel	-	-	-	-	-	-	-	59,610	-	-	-	-	-	59,610	-
MRA Near East	-	-	-	-	-	-	-	125,404	-	-	-	-	-	125,404	-
Multinational Force and Observers	-	-	-	-	-	-	-	-	-	-	16,212	-	-	16,212	-
Oman	-	-	-	81,000	-	567	-	-	85	-	-	-	-	81,652	-
Saudi Arabia	-	-	-	-	-	22	-	-	80	-	-	-	-	102	-
Tunisia	-	-	-	4,900	-	1,500	-	-	-	-	-	-	-	6,400	-
U.S. North Africa Economic Partnership	-	-	3,000	-	-	-	-	-	-	-	-	-	-	3,000	-
United Arab Emirates	-	-	-	-	-	-	-	-	200	-	-	-	-	200	-
West Bank/Gaza	-	-	124,500	-	-	-	-	-	-	-	-	-	-	124,500	9,984
Yemen	-	2,000	9,898	1,900	-	638	-	-	750	-	-	-	-	15,186	1,893

Country/Account Summaries ('Spigots')

FY 2003

(\$ in thousands)

Countries/Accounts	CSH	DA	ESF	FMF	FSA	IMET	INCLE/ ACI	MRA	NADR	Peace Corps	PKO	SEED	Other	Total	P.L.480
Total Near East	40,000	8,644	2,889,072	5,164,600	-	9,694	24,601	185,014	18,803	3,191	66,212	-	-	8,409,831	151,648
South Asia															
Afghanistan	45,975	43,817	216,675	191,000	-	387	-	-	34,818	-	9,898	-	-	542,570	47,356
ATA Regional - South Asia	-	-	-	-	-	-	-	-	5,386	-	-	-	-	5,386	-
Bangladesh	27,600	21,391	4,000	-	-	772	-	-	-	1,248	-	-	-	55,011	38,577
India	47,438	34,495	10,500	-	-	1,000	-	-	1,000	-	-	-	-	94,433	44,849
Maldives	-	-	-	-	-	139	-	-	-	-	-	-	-	139	-
MRA South Asia	-	-	-	-	-	-	-	79,321	-	-	-	-	-	79,321	-
Nepal	19,899	10,247	4,000	2,950	-	500	-	-	-	2,624	-	-	-	40,220	-
Pakistan	15,645	34,500	188,000	224,500	-	990	31,000	-	717	-	-	-	-	495,352	6,792
South Asia Regional Funds	-	-	1,900	-	-	-	-	-	-	-	-	-	-	1,900	-
Sri Lanka	300	6,150	3,950	-	-	307	-	-	2,400	-	-	-	-	13,107	596
Total South Asia	156,857	150,600	429,025	418,450	-	4,095	31,000	79,321	44,321	3,872	9,898	-	-	1,327,439	138,170
Western Hemisphere															
Administration of Justice	-	-	5,000	-	-	-	-	-	-	-	-	-	-	5,000	-
Argentina	-	-	-	1,990	-	1,000	-	-	-	-	-	-	-	2,990	-
ATA Regional - Western Hemisphere	-	-	-	-	-	-	-	-	299	-	-	-	-	299	-
Bahamas	-	-	-	90	-	146	1,100	-	-	-	-	-	-	1,336	-
Belize	-	-	-	290	-	173	-	-	-	1,583	-	-	-	2,046	-
Bolivia	18,594	12,082	12,000	1,990	-	800	90,727	-	-	2,974	-	-	-	139,167	31,547
Brazil	10,300	7,967	-	-	-	483	6,000	-	-	-	-	-	-	24,750	-
Caribbean Regional	4,233	8,775	-	-	-	-	-	-	-	-	-	-	-	13,008	-
Central American Regional	4,950	24,383	-	-	-	-	-	-	-	-	-	-	-	29,333	-
Chile	-	-	-	990	-	559	-	-	-	-	-	-	-	1,549	-
Colombia	-	-	-	17,100	-	1,165	580,200	-	3,279	-	-	-	-	601,744	-
Costa Rica	-	-	-	-	-	336	-	-	-	1,217	-	-	-	1,553	-
Cuba	-	-	6,000	-	-	-	-	-	-	-	-	-	-	6,000	-
Dominican Republic	12,508	8,631	3,000	300	-	570	-	-	-	3,090	-	-	-	28,099	-
Eastern Caribbean	-	-	-	782	-	686	-	-	-	2,787	-	-	-	4,255	-
Ecuador	-	7,127	14,500	990	-	645	30,896	-	-	2,993	-	-	-	57,151	-
El Salvador	9,800	26,334	-	2,480	-	1,165	-	-	50	2,466	-	-	-	42,295	1,809
Guatemala	12,017	14,810	6,500	-	-	350	2,500	-	-	4,326	-	-	-	40,503	16,673
Guyana	4,200	2,180	-	390	-	316	-	-	-	1,321	-	-	-	8,407	-
Haiti	19,207	13,999	-	390	-	51	-	-	-	1,660	-	-	-	35,307	36,580
Honduras	13,400	24,112	-	168	-	724	-	-	-	4,418	-	-	-	42,822	10,479
Inter-American Development Bank - Multilateral Investment Fund	-	-	-	-	-	-	-	-	-	-	-	-	24,431	24,431	-
Inter-American Foundation	-	-	-	-	-	-	-	-	-	-	-	-	16,095	16,095	-
Inter-American Investment Corporation	-	-	-	-	-	-	-	-	-	-	-	-	18,233	18,233	-
International Mother & Child HIV Prevention	4,000	-	-	-	-	-	-	-	-	-	-	-	-	4,000	-
Jamaica	3,713	13,713	-	690	-	646	1,200	-	-	2,375	-	-	-	22,337	-
LAC Regional	7,194	36,734	-	-	-	-	-	-	-	-	-	-	-	43,928	-

Country/Account Summaries ('Spigots')

FY 2003

(\$ in thousands)

Countries/Accounts	CSH	DA	ESF	FMF	FSA	IMET	INCLE/ ACI	MRA	NADR	Peace Corps	PKO	SEED	Other	Total	P.L.480
Latin America Regional	-	-	-	-	-	-	9,500	-	-	-	-	-	-	9,500	-
Mexico	5,200	10,440	11,650	-	-	1,250	12,000	-	-	-	-	-	-	40,540	-
MRA Western Hemisphere	-	-	-	-	-	-	-	20,366	-	-	-	-	-	20,366	-
Nicaragua	9,830	23,460	-	1,000	-	600	-	-	-	2,667	-	-	-	37,557	16,200
OAS Demining	-	-	-	-	-	-	-	-	1,511	-	-	-	-	1,511	-
OAS Development Assistance Programs	-	-	-	-	-	-	-	-	-	-	-	-	5,500	5,500	-
OAS Fund for Strengthening Democracy	-	-	-	-	-	-	-	-	-	-	-	-	3,356	3,356	-
Panama	-	5,499	3,000	990	-	209	4,500	-	50	2,442	-	-	-	16,690	-
Paraguay	1,959	3,895	3,000	-	-	297	-	-	-	3,067	-	-	-	12,218	-
Peru	19,912	16,437	10,000	990	-	592	128,052	-	-	1,410	-	-	-	177,393	26,678
Peru-Ecuador Peace	-	-	6,000	-	-	-	-	-	-	-	-	-	-	6,000	-
South America Regional	2,300	-	-	-	-	-	-	-	-	-	-	-	-	2,300	-
Suriname	-	-	-	240	-	156	-	-	-	1,001	-	-	-	1,397	-
Third Border Initiative	-	-	3,000	-	-	-	-	-	-	-	-	-	-	3,000	-
Trinidad and Tobago	-	-	-	390	-	150	-	-	-	-	-	-	-	540	-
Uruguay	-	-	-	990	-	450	-	-	-	-	-	-	-	1,440	-
Venezuela	-	-	470	-	-	683	2,075	-	-	-	-	-	-	3,228	-
Total Western Hemisphere	163,317	260,578	84,120	33,240	-	14,202	868,750	20,366	5,189	41,797	-	-	67,615	1,559,174	139,966
Global															
Asia Regional	-	-	-	-	-	-	4,500	-	-	-	-	-	-	4,500	-
Asia-Near East Regional	11,097	38,982	-	-	-	-	-	-	-	-	-	-	-	50,079	-
Asian Development Fund	-	-	-	-	-	-	-	-	-	-	-	-	97,250	97,250	-
ATA Program Management	-	-	-	-	-	-	-	-	2,601	-	-	-	-	2,601	-
ATA WMD Preparedness Program	-	-	-	-	-	-	-	-	1,000	-	-	-	-	1,000	-
Center for Human Settlements	-	-	-	-	-	-	-	-	-	-	-	-	250	250	-
Civilian Police Program	-	-	-	-	-	-	4,670	-	-	-	-	-	-	4,670	-
Conflict Resolution Programs	-	-	1,494	-	-	-	-	-	-	-	-	-	-	1,494	-
CTBT International Monitoring System	-	-	-	-	-	-	-	-	14,000	-	-	-	-	14,000	-
Demand Reduction	-	-	-	-	-	-	5,000	-	-	-	-	-	-	5,000	-
Demining Administrative Expenses	-	-	-	-	-	-	-	-	675	-	-	-	-	675	-
Demining Crosscutting Initiatives	-	-	-	-	-	-	-	-	5,324	-	-	-	-	5,324	-
Demining Mine Surveys	-	-	-	-	-	-	-	-	1,217	-	-	-	-	1,217	-
Demining Research and Training	-	-	-	-	-	-	-	-	1,300	-	-	-	-	1,300	-
Democracy, Conflict & Humanitarian Assistance	64,555	190,472	-	-	-	-	-	-	-	-	-	-	-	255,027	-
Development Credit Program - Admin. Exp.	-	-	-	-	-	-	-	-	-	-	-	-	7,542	7,542	-
E-IMET Schools	-	-	-	-	-	3,000	-	-	-	-	-	-	-	3,000	-
Economic Growth, Agriculture and Trade	-	182,759	-	-	-	-	-	-	-	-	-	-	-	182,759	-
Enhanced International Peacekeeping Capabilities	-	-	-	3,050	-	-	-	-	-	-	-	-	-	3,050	-
Export Control Program Administration	-	-	-	-	-	-	-	-	423	-	-	-	-	423	-
Export Control Regional Advisors	-	-	-	-	-	-	-	-	6,258	-	-	-	-	6,258	-

Country/Account Summaries ('Spigots')

FY 2003

(\$ in thousands)

Countries/Accounts	CSH	DA	ESF	FMF	FSA	IMET	INCLE/ ACI	MRA	NADR	Peace Corps	PKO	SEED	Other	Total	P.L.480
Export-Import Bank - Administrative Expenses	-	-	-	-	-	-	-	-	-	-	-	-	67,856	67,856	-
Export-Import Bank - Direct Loans, Negative Subsidies	-	-	-	-	-	-	-	-	-	-	-	-	(13,000)	(13,000)	-
Export-Import Bank - Loan Subsidy	-	-	-	-	-	-	-	-	-	-	-	-	509,566	509,566	-
FMF Administrative Costs	-	-	-	36,762	-	-	-	-	-	-	-	-	-	36,762	-
General Costs	-	-	-	-	-	200	-	-	-	-	-	-	-	200	-
Global Development Alliance	-	29,800	-	-	-	-	-	-	-	-	-	-	-	29,800	-
Global Environment Facility	-	-	-	-	-	-	-	-	-	-	-	-	146,852	146,852	-
Global Health	324,900	-	-	-	-	-	-	-	-	-	-	-	-	324,900	-
Global Regional Export Controls	-	-	-	-	-	-	-	-	1,215	-	-	-	-	1,215	-
Human Rights and Democracy Funds	-	-	31,448	-	-	-	-	-	-	-	-	-	-	31,448	-
INL Anticrime Programs	-	-	-	-	-	-	12,300	-	-	-	-	-	-	12,300	-
International Atomic Energy Agency Voluntary Contribution	-	-	-	-	-	-	-	-	52,900	-	-	-	-	52,900	-
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	-	-	-	-	-	-	-	-	-	-	-	-	844,475	844,475	-
International Disaster and Famine Assistance	-	-	-	-	-	-	-	-	-	-	-	-	288,115	288,115	-
International Fund for Agricultural Development	-	-	-	-	-	-	-	-	-	-	-	-	14,906	14,906	-
International Law Enforcement Academies	-	-	-	-	-	-	14,500	-	-	-	-	-	-	14,500	-
International Organizations	-	-	-	-	-	-	12,200	-	-	-	-	-	-	12,200	-
International Organizations/Partnerships	386,935	-	-	-	-	-	-	-	-	-	-	-	-	386,935	-
International Panel on Climate Change/UN Framework Convention on Climate Change	-	-	-	-	-	-	-	-	-	-	-	-	6,000	6,000	-
International Trust Fund - NADR	-	-	-	-	-	-	-	-	10,000	-	-	-	-	10,000	-
Interregional Aviation Support	-	-	-	-	-	-	65,000	-	-	-	-	-	-	65,000	-
Legislative and Public Affairs	-	750	-	-	-	-	-	-	-	-	-	-	-	750	-
Lockerbie (Pan Am 103)	-	-	8,000	-	-	-	-	-	-	-	-	-	-	8,000	-
Montreal Protocol Multilateral Fund	-	-	-	-	-	-	-	-	-	-	-	-	23,000	23,000	-
MRA Administrative Expenses	-	-	-	-	-	-	-	16,457	-	-	-	-	-	16,457	-
MRA Migration	-	-	-	-	-	-	-	16,275	-	-	-	-	-	16,275	-
MRA Refugee Admissions	-	-	-	-	-	-	-	81,155	-	-	-	-	-	81,155	-
MRA Strategic Global Priorities	-	-	-	-	-	-	-	60,330	-	-	-	-	-	60,330	-
Multilateral Investment Guarantee Agency	-	-	-	-	-	-	-	-	-	-	-	-	1,620	1,620	-
Muslim Outreach	-	-	10,000	-	-	-	-	-	-	-	-	-	-	10,000	-
Muslim Secondary Exchange Program	-	-	3,000	-	-	-	-	-	-	-	-	-	-	3,000	-
New Course Development	-	-	-	-	-	-	-	-	4,627	-	-	-	-	4,627	-
Non-Proliferation and Disarmament Fund	-	-	-	-	-	-	-	-	14,902	-	-	-	-	14,902	-

Country/Account Summaries ('Spigots')
FY 2003
(\$ in thousands)

Countries/Accounts	CSH	DA	ESF	FMF	FSA	IMET	INCLE/ ACI	MRA	NADR	Peace Corps	PKO	SEED	Other	Total	PL.480
Oceans, Environmental and Science Initiative	-	-	2,000	-	-	-	-	-	-	-	-	-	-	2,000	-
OPIC - Administrative Expenses	-	-	-	-	-	-	-	-	-	-	-	-	39,626	39,626	-
OPIC - Credit Funding	-	-	-	-	-	-	-	-	-	-	-	-	23,844	23,844	-
OPIC - Net Offsetting Collections	-	-	-	-	-	-	-	-	-	-	-	-	(302,851)	(302,851)	-
Other Programs	152,746	40,192	-	-	-	-	-	-	-	-	39,000	-	-	231,938	73,766
Partnership to Eliminate Sweatshops	-	-	2,000	-	-	-	-	-	-	-	-	-	-	2,000	-
Peace Corps Other	-	-	-	-	-	-	-	-	-	138,448	-	-	-	138,448	-
Program & Policy Coordination	5,310	5,672	-	-	-	-	-	-	-	-	-	-	-	10,982	-
Program Development and Support	-	-	-	-	-	-	13,850	-	-	-	-	-	-	13,850	-
Program Equipment	-	-	-	-	-	-	-	-	406	-	-	-	-	406	-
Regional Narcotics Training	-	-	-	-	-	-	4,500	-	-	-	-	-	-	4,500	-
Supplemental International Disaster and Famine Assistance	-	-	-	-	-	-	-	-	-	-	-	-	143,800	143,800	-
Systems Support and Upgrades	-	-	-	-	-	-	4,000	-	-	-	-	-	-	4,000	-
Terrorist Interdiction Program	-	-	-	-	-	-	-	-	5,000	-	-	-	-	5,000	-
Trade and Development Agency	-	-	-	-	-	-	-	-	-	-	-	-	46,706	46,706	-
Trafficking in Persons	-	-	-	-	-	-	10,000	-	-	-	-	-	-	10,000	-
Transition Initiatives	-	-	-	-	-	-	-	-	-	-	-	-	61,675	61,675	-
Treasury Technical Assistance	-	-	-	-	-	-	-	-	-	-	-	-	12,980	12,980	-
U.S. Emergency Refugee and Migration Assistance Fund	-	-	-	-	-	-	-	-	-	-	-	-	105,831	105,831	-
UN Development Fund for Women	-	-	-	-	-	-	-	-	-	-	-	-	1,000	1,000	-
UN Development Program	-	-	-	-	-	-	-	-	-	-	-	-	100,000	100,000	-
UN Environment Program	-	-	-	-	-	-	-	-	-	-	-	-	10,500	10,500	-
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	-	-	-	-	-	-	-	-	-	-	-	-	42,721	42,721	-
USAID Inspector General Operating Expenses	-	-	-	-	-	-	-	-	-	-	-	-	33,084	33,084	-
USAID Operating Expenses	-	-	-	-	-	-	-	-	-	-	-	-	592,782	592,782	-
World Coffee Organization	-	-	-	-	-	-	-	-	-	-	-	-	500	500	-
World Meteorological Organization	-	-	-	-	-	-	-	-	-	-	-	-	2,000	2,000	-
World Trade Organization	-	-	-	-	-	-	-	-	-	-	-	-	2,000	2,000	-
Total Global	945,543	488,627	57,942	39,812	-	3,200	150,520	174,217	121,848	138,448	39,000	-	2,925,405	5,084,562	73,766
Total FY 2003	1,939,563	1,479,972	4,802,082	5,991,632	755,060	79,480	1,087,771	781,884	332,408	295,070	214,252	521,587	3,159,602	21,440,363	1,740,575

Country/Account Summaries ('Spigots')
FY 2004
(\$ in thousands)

Countries/Accounts	CSH	DA	ESF	FMF	FSA	IMET	INCLE/ ACI	MRA	NADR	Peace Corps	PKO	SEED	Other	Total	P.L.480
Africa															
Africa Regional	29,292	69,827	-	-	-	-	2,830	-	-	-	-	-	-	101,949	1,375
Africa Regional Fund	-	-	11,929	-	-	-	-	-	-	-	-	-	-	11,929	-
Africa Regional Peacekeeping	-	-	-	-	-	-	-	-	-	-	8,947	-	-	8,947	-
African Contingency Operations Training and Assistance	-	-	-	-	-	-	-	-	-	-	14,912	-	-	14,912	-
African Development Bank	-	-	-	-	-	-	-	-	-	-	-	-	5,075	5,075	-
African Development Foundation	-	-	-	-	-	-	-	-	-	-	-	-	18,579	18,579	-
African Development Fund	-	-	-	-	-	-	-	-	-	-	-	-	112,060	112,060	-
Angola	7,700	3,600	3,479	-	-	100	-	-	5,300	-	-	-	-	20,179	22,723
Anti-Corruption Initiative	-	6,000	-	-	-	-	-	-	-	-	-	-	-	6,000	-
ATA Regional - Africa	-	-	-	-	-	-	-	-	12,233	-	-	-	-	12,233	-
Benin	7,550	7,430	-	-	-	500	-	-	-	2,667	-	-	-	18,147	3,308
Botswana	-	-	-	980	-	700	-	-	-	1,509	-	-	-	3,189	-
Burkina Faso	-	-	-	-	-	50	-	-	-	2,688	-	-	-	2,738	5,211
Burundi	880	1,782	3,479	-	-	100	-	-	-	-	-	-	-	6,241	2,448
Cameroon	-	-	-	-	-	200	-	-	-	3,446	-	-	-	3,646	-
Cape Verde	-	-	-	-	-	120	-	-	-	1,553	-	-	-	1,673	3,950
Central African Republic	-	-	-	-	-	150	-	-	-	-	-	-	-	150	289
Chad	-	-	-	-	-	150	-	-	650	1,522	-	-	-	2,322	2,829
Competitive Initiative Funds	-	36,000	-	-	-	-	-	-	-	-	-	-	-	36,000	-
Congo Basin Forest Partnership	-	15,000	-	-	-	-	-	-	-	-	-	-	-	15,000	-
Cote d'Ivoire	-	-	-	-	-	50	-	-	-	-	-	-	-	50	-
Democratic Republic of Congo	22,050	8,015	4,971	-	-	100	-	-	-	-	-	-	-	35,136	19,000
Djibouti	-	-	-	5,990	-	325	-	-	-	-	-	-	-	6,315	-
ECOWAS	-	-	-	-	-	100	-	-	-	-	-	-	-	100	-
Equatorial Guinea	-	-	-	-	-	50	-	-	-	-	-	-	-	50	-
Eritrea	5,050	1,240	-	480	-	450	-	-	1,300	-	-	-	-	8,520	12,032
Ethiopia	34,500	18,263	4,971	2,480	-	570	-	-	-	-	-	-	-	60,784	74,485
Gabon	-	-	-	-	-	160	-	-	-	2,797	-	-	-	2,957	-
Gambia	-	-	-	-	-	100	-	-	-	1,655	-	-	-	1,755	-
Ghana	18,620	14,879	-	480	-	500	-	-	-	2,565	-	-	-	37,044	14,177
Guinea	6,600	11,827	-	-	-	350	-	-	-	2,500	-	-	-	21,277	7,685
Guinea-Bissau	-	-	-	-	-	100	-	-	-	-	-	-	-	100	-
Kenya	34,100	10,010	7,953	6,250	-	600	-	-	1,088	2,942	-	-	-	62,943	14,682
Kimberley Process	-	-	1,491	-	-	-	-	-	-	-	-	-	-	1,491	-
Lesotho	-	-	-	-	-	125	-	-	-	2,292	-	-	-	2,417	-
Liberia	2,400	-	-	-	-	-	-	-	100	-	-	-	200,000	202,500	10,538
Madagascar	10,015	9,506	-	-	-	200	-	-	-	2,158	-	-	-	21,879	6,269
Malawi	19,400	11,737	-	-	-	360	-	-	-	2,125	-	-	-	33,622	3,357
Mali	14,300	24,296	-	-	-	350	-	-	-	3,688	-	-	-	42,634	-
Mauritania	-	-	-	-	-	125	-	-	-	2,005	-	-	-	2,130	7,465
Mauritius	-	-	-	-	-	125	-	-	-	-	-	-	-	125	-

Country/Account Summaries ('Spigots')
FY 2004
(\$ in thousands)

Countries/Accounts	CSH	DA	ESF	FMF	FSA	IMET	INCLE/ ACI	MRA	NADR	Peace Corps	PKO	SEED	Other	Total	P.L.480
Military Health Affairs	-	-	-	1,490	-	-	-	-	-	-	-	-	-	1,490	-
Mozambique	19,700	24,261	-	-	-	225	-	-	1,372	1,956	-	-	-	47,514	14,855
MRA Africa	-	-	-	-	-	-	-	201,387	-	-	-	-	-	201,387	-
Namibia	2,150	5,726	-	-	-	225	-	-	-	2,531	-	-	-	10,632	-
NED Democracy Programs - AF	-	-	2,982	-	-	-	-	-	-	-	-	-	-	2,982	-
Niger	-	-	-	-	-	200	-	-	-	2,775	-	-	-	2,975	6,228
Nigeria	42,550	13,601	4,971	385	-	850	2,250	-	-	-	-	-	-	64,607	-
REDSO/ESA	12,500	17,172	-	-	-	-	-	-	-	-	-	-	-	29,672	-
Regional Center for Southern Africa	-	18,999	-	-	-	-	-	-	-	-	-	-	-	18,999	-
Regional Organizations	-	-	2,982	-	-	-	-	-	-	-	-	-	-	2,982	-
Republic of the Congo	-	-	-	-	-	110	-	-	-	-	-	-	-	110	-
Rwanda	13,350	4,810	-	-	-	175	-	-	-	-	-	-	-	18,335	3,432
Safe Skies	-	-	4,971	-	-	-	-	-	-	-	-	-	-	4,971	-
Sao Tome and Principe	-	-	-	-	-	100	-	-	40	-	-	-	-	140	-
Senegal	14,325	12,781	-	480	-	1,000	-	-	-	3,504	-	-	-	32,090	-
Seychelles	-	-	-	-	-	100	-	-	-	-	-	-	-	100	-
Sierra Leone	300	3,727	4,971	-	-	300	-	-	-	-	-	-	-	9,298	4,225
Somalia	100	899	-	-	-	-	-	-	-	-	-	-	-	999	88,984
South Africa	23,328	28,678	1,988	-	-	1,600	1,770	-	-	2,978	-	-	-	60,342	-
Sudan	11,500	50,263	9,941	-	-	-	-	-	1,000	-	-	-	20,000	92,704	44,664
Swaziland	-	-	-	-	-	135	-	-	-	1,317	-	-	-	1,452	-
Tanzania	21,200	7,000	-	-	-	230	-	-	544	2,424	-	-	-	31,398	5,813
Togo	-	-	-	-	-	125	-	-	-	2,433	-	-	-	2,558	-
Uganda	34,460	27,182	-	1,990	-	200	-	-	-	1,411	-	-	-	65,243	22,580
West Africa Regional	19,300	14,846	-	-	-	-	-	-	-	-	-	-	-	34,146	2,053
Zambia	34,200	13,677	-	-	-	225	-	-	-	2,782	-	-	-	50,884	-
Zimbabwe	11,100	746	2,982	-	-	-	-	-	-	-	-	-	-	14,828	-
Total Africa	472,520	493,780	74,061	21,005	-	12,610	6,850	201,387	23,627	62,223	23,859	-	355,714	1,747,636	404,657
East Asia and the Pacific															
ASEAN	-	-	994	-	-	-	-	-	-	-	-	-	-	994	-
ATA Regional - East Asia and the Pacific	-	-	-	-	-	-	-	-	7,929	-	-	-	-	7,929	-
Burma	-	-	12,923	-	-	-	-	-	-	-	-	-	-	12,923	-
Cambodia	29,860	2,000	16,900	-	-	-	-	-	3,338	-	-	-	-	52,098	-
China	-	-	-	-	-	-	-	-	-	782	-	-	-	782	-
East Timor	-	-	22,367	1,988	-	150	-	-	-	1,413	1,988	-	-	27,906	-
Environmental Programs	-	-	1,740	-	-	-	-	-	-	-	-	-	-	1,740	-
Fiji	-	-	-	-	-	200	-	-	-	1,363	-	-	-	1,563	-
Indonesia	34,000	31,291	49,705	-	-	459	-	-	5,755	-	-	-	-	121,210	6,604
Kiribati	-	-	-	-	-	-	-	-	-	1,230	-	-	-	1,230	-
Laos	-	-	-	-	-	100	2,000	-	1,412	-	-	-	-	3,512	-
Malaysia	-	-	-	-	-	1,200	-	-	80	-	-	-	-	1,280	-
Micronesia	-	-	-	-	-	-	-	-	-	1,918	-	-	-	1,918	-
Mongolia	-	-	9,941	995	-	850	-	-	-	1,848	-	-	-	13,634	-
MRA East Asia	-	-	-	-	-	-	-	20,404	-	-	-	-	-	20,404	-

Country/Account Summaries ('Spigots')
FY 2004
(\$ in thousands)

Countries/Accounts	CSH	DA	ESF	FMF	FSA	IMET	INCLE/ ACI	MRA	NADR	Peace Corps	PKO	SEED	Other	Total	P.L.480
NED Democracy Programs -EAP	-	-	2,982	-	-	-	-	-	-	-	-	-	-	2,982	-
Papua New Guinea	-	-	-	-	-	300	-	-	-	-	-	-	-	300	-
Philippines	29,350	22,068	17,645	19,880	-	2,700	2,000	-	-	2,598	-	-	-	96,241	-
Regional Development Mission / Asia	16,620	9,800	-	-	-	-	-	-	-	-	-	-	-	26,420	-
Regional Women's Issues	-	-	1,988	-	-	-	-	-	-	-	-	-	-	1,988	-
Samoa	-	-	-	-	-	150	-	-	-	1,301	-	-	-	1,451	-
Singapore	-	-	-	-	-	-	-	-	850	-	-	-	-	850	-
Solomon Islands	-	-	-	-	-	50	-	-	-	27	-	-	-	77	-
South Pacific Fisheries	-	-	17,894	-	-	-	-	-	-	-	-	-	-	17,894	-
Taiwan	-	-	-	-	-	-	-	-	770	-	-	-	-	770	-
Thailand	-	-	-	995	-	2,450	2,000	-	380	2,073	-	-	-	7,898	-
Tibet	-	-	3,976	-	-	-	-	-	-	-	-	-	-	3,976	-
Tonga	-	-	-	-	-	125	-	-	-	1,051	-	-	-	1,176	-
Vanuatu	-	-	-	-	-	100	-	-	-	1,568	-	-	-	1,668	-
Vietnam	6,600	3,000	-	-	-	100	-	-	2,306	-	-	-	-	12,006	-
Total East Asia and the Pacific	116,430	68,159	159,055	23,858	-	8,934	6,000	20,404	22,820	17,172	1,988	-	-	444,820	6,604
Europe and Eurasia															
Albania	-	-	-	3,975	-	975	-	-	300	1,389	-	27,835	-	34,474	-
Armenia	-	-	-	2,485	74,558	900	-	-	300	1,836	-	-	-	80,079	380
ATA Regional - Europe and Eurasia	-	-	-	-	-	-	-	-	22,024	-	-	-	-	22,024	-
Azerbaijan	-	-	-	2,485	38,782	900	-	-	3,318	1,428	-	-	-	46,913	2,151
Belarus	-	-	-	-	6,850	-	-	-	-	-	-	-	-	6,850	-
Bosnia and Herzegovina	-	-	-	14,900	-	900	-	-	1,100	-	-	44,735	-	61,635	-
Bulgaria	-	-	-	8,450	-	1,350	-	-	500	2,814	-	27,835	-	40,949	-
Central and Eastern Europe Regional	250	-	-	-	-	-	-	-	-	-	-	-	-	250	-
Central Asian Republics	1,000	-	-	-	-	-	-	-	-	-	-	-	-	1,000	-
Croatia	-	-	-	-	-	800	-	-	750	-	-	24,853	-	26,403	-
Cyprus	-	-	13,420	-	-	-	-	-	400	-	-	-	-	13,820	-
Czech Republic	-	-	-	7,950	-	1,900	-	-	-	-	-	-	-	9,850	-
Estonia	-	-	-	6,200	-	1,200	-	-	1,175	-	-	-	-	8,575	-
European Bank for Reconstruction and Development	-	-	-	-	-	-	-	-	-	-	-	-	35,222	35,222	-
Georgia	-	-	-	8,000	71,376	1,300	-	-	1,500	1,477	-	-	-	83,653	2,281
Greece	-	-	-	-	-	600	-	-	-	-	-	-	-	600	-
Hungary	-	-	-	7,955	-	1,900	-	-	-	-	-	-	-	9,855	-
International Fund for Ireland	-	-	18,391	-	-	-	-	-	-	-	-	-	-	18,391	-
Irish Visa Program	-	-	3,479	-	-	-	-	-	-	-	-	-	-	3,479	-
Kazakhstan	-	-	-	2,980	33,342	1,200	-	-	2,000	2,052	-	-	-	41,574	-
Kosovo	-	-	-	-	-	-	-	-	-	-	-	78,534	-	78,534	-
Kyrgyz Republic	-	-	-	4,075	35,938	1,200	-	-	500	1,496	-	-	-	43,209	-
Latvia	-	-	-	6,610	-	1,200	-	-	1,825	-	-	-	-	9,635	-
Lithuania	-	-	-	6,950	-	1,200	-	-	1,020	-	-	-	-	9,170	-
Macedonia	-	-	-	7,950	-	700	-	-	300	1,473	-	38,770	-	49,193	-
Malta	-	-	-	990	-	250	-	-	100	-	-	-	-	1,340	-

Country/Account Summaries ('Spigots')
FY 2004
(\$ in thousands)

Countries/Accounts	CSH	DA	ESF	FMF	FSA	IMET	INCLE/ ACI	MRA	NADR	Peace Corps	PKO	SEED	Other	Total	P.L.480
Moldova	-	-	-	990	21,898	1,000	-	-	640	2,168	-	-	-	26,696	-
MRA Europe	-	-	-	-	-	-	-	54,558	-	-	-	-	-	54,558	-
OSCE Bosnia	-	-	-	-	-	-	-	-	-	-	11,730	-	-	11,730	-
OSCE Croatia	-	-	-	-	-	-	-	-	-	-	895	-	-	895	-
OSCE Kosovo	-	-	-	-	-	-	-	-	-	-	9,444	-	-	9,444	-
OSCE Regional - Europe	-	-	-	-	-	-	-	-	-	-	9,245	-	-	9,245	-
Poland	-	-	-	20,000	-	2,000	-	-	-	-	-	-	-	22,000	-
Portugal	-	-	-	-	-	850	-	-	-	-	-	-	-	850	-
Regional FSA	-	-	-	-	48,960	-	-	-	-	-	-	-	-	48,960	-
Regional SEED	-	-	-	-	-	-	-	-	-	-	-	37,775	-	37,775	-
Romania	-	-	-	8,950	-	1,500	-	-	495	2,826	-	27,835	-	41,606	-
Russia	3,000	-	-	-	93,445	800	-	-	2,800	-	-	-	-	100,045	5,119
Science Centers/Bio Redirection	-	-	-	-	-	-	-	-	50,202	-	-	-	-	50,202	-
Serbia and Montenegro	-	-	-	-	-	250	-	-	830	-	-	134,203	-	135,283	-
Slovakia	-	-	-	7,950	-	950	-	-	305	-	-	-	-	9,205	-
Slovenia	-	-	-	2,485	-	950	-	-	365	-	-	-	-	3,800	-
Tajikistan	-	-	-	695	24,411	400	-	-	300	-	-	-	-	25,806	6,660
Turkey	-	-	99,410	40,000	-	5,000	-	-	600	-	-	-	-	145,010	-
Turkmenistan	-	-	-	695	5,700	450	-	-	-	1,742	-	-	-	8,587	-
Ukraine	1,750	-	-	2,985	92,589	1,700	-	-	2,562	4,275	-	-	-	105,861	-
Uzbekistan	-	-	-	8,000	35,688	1,350	-	-	1,200	2,154	-	-	-	48,392	-
Total Europe and Eurasia	6,000	-	134,700	184,705	583,537	35,675	-	54,558	97,411	27,130	31,314	442,375	35,222	1,632,627	16,591
Near East															
Algeria	-	-	-	-	-	550	-	-	-	-	-	-	-	550	-
ATA Regional - Near East Asia	-	-	-	-	-	-	-	-	14,005	-	-	-	-	14,005	-
Bahrain	-	-	-	24,850	-	600	-	-	-	-	-	-	-	25,450	-
Egypt	-	-	571,608	1,292,330	-	1,200	-	-	-	-	-	-	-	1,865,138	-
Israel	-	-	477,168	2,147,255	-	-	-	-	-	-	-	-	-	2,624,423	-
Jordan	-	-	348,525	204,785	-	2,900	-	-	1,700	1,323	-	-	-	559,233	-
Lebanon	-	400	34,794	-	-	700	-	-	1,250	-	-	-	-	37,144	-
Middle East Partnership Initiative	-	-	89,469	-	-	-	-	-	-	-	-	-	-	89,469	-
Middle East Regional Cooperation	-	-	5,467	-	-	-	-	-	-	-	-	-	-	5,467	-
Morocco	-	5,400	-	9,940	-	1,750	-	-	-	2,732	-	-	-	19,822	-
MRA Humanitarian Migrants to Israel	-	-	-	-	-	-	-	49,705	-	-	-	-	-	49,705	-
MRA Near East	-	-	-	-	-	-	-	100,538	-	-	-	-	-	100,538	-
Multinational Force and Observers	-	-	-	-	-	-	-	-	-	-	16,303	-	-	16,303	-
NED Muslim Democracy Programs	-	-	3,479	-	-	-	-	-	-	-	-	-	-	3,479	-
Oman	-	-	-	24,850	-	1,000	-	-	400	-	-	-	-	26,250	-
Saudi Arabia	-	-	-	-	-	25	-	-	-	-	-	-	-	25	-
Tunisia	-	-	-	9,940	-	1,750	-	-	-	-	-	-	-	11,690	-
United Arab Emirates	-	-	-	-	-	-	-	-	250	-	-	-	-	250	-
West Bank/Gaza	-	-	74,558	-	-	-	-	-	-	-	-	-	-	74,558	-
Yemen	-	-	11,432	14,910	-	1,000	-	-	1,223	-	-	-	-	28,565	-
Total Near East	-	5,800	1,616,500	3,728,860	-	11,475	-	150,243	18,828	4,055	16,303	-	-	5,552,064	-

Country/Account Summaries ('Spigots')
FY 2004
(\$ in thousands)

Countries/Accounts	CSH	DA	ESF	FMF	FSA	IMET	INCLE/ ACI	MRA	NADR	Peace Corps	PKO	SEED	Other	Total	P.L.480
South Asia															
Afghanistan	21,000	150,000	899,558	413,705	-	600	220,000	-	63,768	-	-	-	-	1,768,631	-
ATA Regional - South Asia	-	-	-	-	-	-	-	-	4,280	-	-	-	-	4,280	-
Bangladesh	36,000	18,850	4,971	-	-	800	-	-	-	1,575	-	-	-	62,196	18,238
India	48,300	25,739	14,912	-	-	1,250	-	-	685	-	-	-	-	90,886	20,218
Maldives	-	-	-	-	-	175	-	-	-	-	-	-	-	175	-
MRA South Asia	-	-	-	-	-	-	-	73,741	-	-	-	-	-	73,741	-
Nepal	24,840	11,274	4,971	3,975	-	600	-	-	-	2,505	-	-	-	48,165	-
Pakistan	25,600	42,350	200,000	74,560	-	1,250	36,500	-	4,180	-	-	-	-	384,440	5,849
South Asia Regional Funds	-	-	1,988	-	-	-	-	-	-	-	-	-	-	1,988	-
Sri Lanka	300	4,750	11,929	995	-	500	-	-	1,875	-	994	-	-	21,343	2,578
Total South Asia	156,040	252,963	1,138,329	493,235	-	5,175	256,500	73,741	74,788	4,080	994	-	-	2,455,845	46,883
Western Hemisphere															
Administration of Justice	-	-	4,924	-	-	-	-	-	-	-	-	-	-	4,924	-
Amazon Environmental Initiative	-	10,000	-	-	-	-	-	-	-	-	-	-	-	10,000	-
Argentina	-	-	-	1,000	-	1,100	-	-	-	-	-	-	-	2,100	-
ATA Regional - Western Hemisphere	-	-	-	-	-	-	-	-	2,604	-	-	-	-	2,604	-
Bahamas	-	-	-	99	-	165	1,000	-	-	-	-	-	-	1,264	-
Belize	-	-	-	199	-	200	-	-	-	1,569	-	-	-	1,968	-
Bolivia	15,302	12,032	8,000	3,977	-	900	91,000	-	-	2,818	-	-	-	134,029	17,827
Brazil	9,850	7,876	-	-	-	-	10,200	-	-	-	-	-	-	27,926	-
Caribbean Regional	3,733	3,935	-	-	-	-	-	-	-	-	-	-	-	7,668	-
Central American Regional	4,950	16,487	-	-	-	-	-	-	-	-	-	-	-	21,437	-
Chile	-	-	-	495	-	600	-	-	-	-	-	-	-	1,095	-
Colombia	-	-	-	109,350	-	1,800	463,000	-	200	-	-	-	-	574,350	-
Costa Rica	-	-	-	-	-	-	-	-	-	1,337	-	-	-	1,337	-
Cuba	-	-	6,959	-	-	-	-	-	-	-	-	-	-	6,959	-
Dominican Republic	12,700	10,982	2,982	2,000	-	800	-	-	-	2,351	-	-	-	31,815	-
Eastern Caribbean	-	-	-	3,330	-	875	-	-	-	3,010	-	-	-	7,215	-
Ecuador	-	6,821	12,923	6,955	-	650	35,000	-	200	2,970	-	-	-	65,519	-
El Salvador	7,150	28,605	-	3,000	-	1,200	-	-	-	2,102	-	-	-	42,057	-
Guatemala	11,400	11,099	4,971	-	-	350	3,000	-	-	4,050	-	-	-	34,870	11,154
Guyana	1,700	2,750	-	95	-	375	-	-	-	1,369	-	-	-	6,289	-
Haiti	19,626	8,119	-	295	-	200	-	-	-	1,601	-	-	-	29,841	24,693
Hemispheric Cooperation	-	-	9,941	-	-	-	-	-	-	-	-	-	-	9,941	-
Honduras	12,777	22,367	-	2,000	-	1,000	-	-	-	3,615	-	-	-	41,759	2,406
Inter-American Development Bank - Multilateral Investment Fund	-	-	-	-	-	-	-	-	-	-	-	-	24,853	24,853	-
Inter-American Foundation	-	-	-	-	-	-	-	-	-	-	-	-	16,238	16,238	-
Jamaica	3,117	13,234	-	597	-	700	1,500	-	-	2,527	-	-	-	21,675	-
LAC Regional	12,128	41,574	-	-	-	-	-	-	-	-	-	-	-	53,702	-
Latin America Regional	-	-	-	-	-	-	4,850	-	-	-	-	-	-	4,850	-
Mexico	3,700	17,855	11,432	-	-	1,275	32,000	-	-	1,403	-	-	-	67,665	-

Country/Account Summaries ('Spigots')
FY 2004
(\$ in thousands)

Countries/Accounts	CSH	DA	ESF	FMF	FSA	IMET	INCLE/ ACI	MRA	NADR	Peace Corps	PKO	SEED	Other	Total	P.L.480
MRA Western Hemisphere	-	-	-	-	-	-	-	21,526	-	-	-	-	-	21,526	-
Nicaragua	7,805	27,206	-	495	-	600	-	-	300	2,314	-	-	-	38,720	5,662
OAS Demining	-	-	-	-	-	-	-	-	2,536	-	-	-	-	2,536	-
OAS Development Assistance Programs	-	-	-	-	-	-	-	-	-	-	-	-	5,468	5,468	-
OAS Fund for Strengthening Democracy	-	-	-	-	-	-	-	-	-	-	-	-	2,982	2,982	-
OAS Special Mission in Haiti	-	-	-	-	-	-	-	-	-	-	-	-	4,971	4,971	-
Panama	-	5,322	2,982	2,000	-	400	6,487	-	25	2,333	-	-	-	19,549	-
Paraguay	2,125	4,140	2,982	-	-	300	-	-	-	2,570	-	-	-	12,117	-
Peru	17,282	15,036	7,953	1,730	-	700	116,000	-	-	1,717	-	-	-	160,418	10,125
Peru-Ecuador Peace	-	-	3,976	-	-	-	-	-	-	-	-	-	-	3,976	-
South America Regional	2,155	2,400	-	-	-	-	-	-	-	-	-	-	-	4,555	-
Suriname	-	-	-	145	-	150	-	-	-	1,102	-	-	-	1,397	-
Third Border Initiative	-	-	3,976	-	-	-	-	-	-	-	-	-	-	3,976	-
Uruguay	-	-	-	990	-	450	-	-	-	-	-	-	-	1,440	-
Venezuela	-	-	497	-	-	-	5,000	-	-	-	-	-	-	5,497	-
Total Western Hemisphere	147,500	267,840	84,498	138,752	-	14,790	769,037	21,526	5,865	40,758	-	-	54,512	1,545,078	71,867
Global															
Asia Regional	-	-	-	-	-	-	1,000	-	-	-	-	-	-	1,000	-
Asia-Near East Regional	2,280	24,818	-	-	-	-	-	-	-	-	-	-	-	27,098	-
Asian Development Fund	-	-	-	-	-	-	-	-	-	-	-	-	143,569	143,569	-
ATA Course Translations	-	-	-	-	-	-	-	-	2,964	-	-	-	-	2,964	-
ATA Program Management	-	-	-	-	-	-	-	-	5,912	-	-	-	-	5,912	-
Center for Human Settlements	-	-	-	-	-	-	-	-	-	-	-	-	746	746	-
Civilian Police Program	-	-	-	-	-	-	2,700	-	-	-	-	-	-	2,700	-
CTBT International Monitoring System	-	-	-	-	-	-	-	-	18,888	-	-	-	-	18,888	-
Debt Restructuring	-	-	-	-	-	-	-	-	-	-	-	-	94,440	94,440	-
Demand Reduction	-	-	-	-	-	-	4,200	-	-	-	-	-	-	4,200	-
Demining Administrative Expenses	-	-	-	-	-	-	-	-	690	-	-	-	-	690	-
Demining Crosscutting Initiatives	-	-	-	-	-	-	-	-	4,690	-	-	-	-	4,690	-
Demining Mine Surveys	-	-	-	-	-	-	-	-	1,500	-	-	-	-	1,500	-
Demining New Country Programs	-	-	-	-	-	-	-	-	2,500	-	-	-	-	2,500	-
Demining Research and Training	-	-	-	-	-	-	-	-	1,525	-	-	-	-	1,525	-
Democracy, Conflict & Humanitarian Assistance	5,130	77,220	-	-	-	-	-	-	-	-	-	-	-	82,350	-
Development Credit Program - Admin. Exp.	-	-	-	-	-	-	-	-	-	-	-	-	7,953	7,953	-
E-IMET Schools	-	-	-	-	-	2,000	-	-	-	-	-	-	-	2,000	-
Economic Growth, Agriculture and Trade	-	150,810	-	-	-	-	-	-	-	-	-	-	-	150,810	-
Enhanced International Peacekeeping Capabilities	-	-	-	1,990	-	-	-	-	-	-	-	-	-	1,990	-
Export Control Program Administration	-	-	-	-	-	-	-	-	1,725	-	-	-	-	1,725	-
Export Control Regional Advisors	-	-	-	-	-	-	-	-	6,176	-	-	-	-	6,176	-
Export-Import Bank - Administrative Expenses	-	-	-	-	-	-	-	-	-	-	-	-	72,467	72,467	-

Country/Account Summaries ('Spigots')
FY 2004
(\$ in thousands)

Countries/Accounts	CSH	DA	ESF	FMF	FSA	IMET	INCLE/ ACI	MRA	NADR	Peace Corps	PKO	SEED	Other	Total	P.L.480
Export-Import Bank - Direct Loans, Negative Subsidies	-	-	-	-	-	-	-	-	-	-	-	-	(18,000)	(18,000)	-
FMF Administrative Costs	-	-	-	40,260	-	-	-	-	-	-	-	-	-	40,260	-
General Costs	-	-	-	-	-	500	-	-	-	-	-	-	-	500	-
Global Development Alliance	-	15,000	-	-	-	-	-	-	-	-	-	-	-	15,000	-
Global Environment Facility	-	-	-	-	-	-	-	-	-	-	-	-	138,418	138,418	-
Global Health	328,020	-	-	-	-	-	-	-	-	-	-	-	-	328,020	-
Global Regional Export Controls	-	-	-	-	-	-	-	-	545	-	-	-	-	545	-
Human Rights and Democracy Funds	-	-	34,296	-	-	-	-	-	-	-	-	-	-	34,296	-
INL Anticrime Programs	-	-	-	-	-	-	11,324	-	-	-	-	-	-	11,324	-
International Atomic Energy Agency Voluntary Contribution	-	-	-	-	-	-	-	-	52,687	-	-	-	-	52,687	-
International Civil Aviation Organization	-	-	-	-	-	-	-	-	-	-	-	-	994	994	-
International Conservation Programs	-	-	-	-	-	-	-	-	-	-	-	-	6,362	6,362	-
International Contributions for Scientific, Educational, and Cultural Activities	-	-	-	-	-	-	-	-	-	-	-	-	1,889	1,889	-
International Development Association	-	-	-	-	-	-	-	-	-	-	-	-	907,812	907,812	-
International Disaster and Famine Assistance	-	-	-	-	-	-	-	-	-	-	-	-	253,993	253,993	-
International Fund for Agricultural Development	-	-	-	-	-	-	-	-	-	-	-	-	14,916	14,916	-
International Law Enforcement Academies	-	-	-	-	-	-	14,500	-	-	-	-	-	-	14,500	-
International Organizations	-	-	-	-	-	-	13,000	-	-	-	-	-	-	13,000	-
International Organizations/Partnerships	570,360	-	-	-	-	-	-	-	-	-	-	-	-	570,360	-
International Panel on Climate Change/UN Framework Convention on Climate Change	-	-	-	-	-	-	-	-	-	-	-	-	5,567	5,567	-
International Trust Fund - NADR	-	-	-	-	-	-	-	-	9,941	-	-	-	-	9,941	-
Interregional Aviation Support	-	-	-	-	-	-	70,000	-	-	-	-	-	-	70,000	-
Legislative and Public Affairs	-	1,960	-	-	-	-	-	-	-	-	-	-	-	1,960	-
Millenium Challenge Account	-	-	-	-	-	-	-	-	-	-	-	-	994,100	994,100	-
Mobile Antiterrorism Training Team (MATT)	-	-	-	-	-	-	-	-	5,585	-	-	-	-	5,585	-
Montreal Protocol Multilateral Fund	-	-	-	-	-	-	-	-	-	-	-	-	20,876	20,876	-
MRA Administrative Expenses	-	-	-	-	-	-	-	20,876	-	-	-	-	-	20,876	-
MRA Migration	-	-	-	-	-	-	-	17,303	-	-	-	-	-	17,303	-
MRA Refugee Admissions	-	-	-	-	-	-	-	132,464	-	-	-	-	-	132,464	-
MRA Strategic Global Priorities	-	-	-	-	-	-	-	63,210	-	-	-	-	-	63,210	-
Multilateral Investment Guarantee Agency	-	-	-	-	-	-	-	-	-	-	-	-	1,117	1,117	-
New Course Development	-	-	-	-	-	-	-	-	2,354	-	-	-	-	2,354	-
Non-Proliferation and Disarmament Fund	-	-	-	-	-	-	-	-	29,823	-	-	-	-	29,823	-
Oceans, Environmental and Science Initiative	-	-	3,976	-	-	-	-	-	-	-	-	-	-	3,976	-
OPIC - Administrative Expenses	-	-	-	-	-	-	-	-	-	-	-	-	41,141	41,141	-
OPIC - Credit Funding	-	-	-	-	-	-	-	-	-	-	-	-	23,858	23,858	-

Country/Account Summaries ('Spigots')
FY 2004
(\$ in thousands)

Countries/Accounts	CSH	DA	ESF	FMF	FSA	IMET	INCLE/ ACI	MRA	NADR	Peace Corps	PKO	SEED	Other	Total	PL.480
OPIC - Net Offsetting Collections	-	-	-	-	-	-	-	-	-	-	-	-	(264,000)	(264,000)	-
Other Programs	14,594	12,499	-	-	-	-	-	-	-	-	50,000	-	-	77,093	638,365
Partnership to Eliminate Sweatshops	-	-	1,988	-	-	-	-	-	-	-	-	-	-	1,988	-
Peace Corps Other	-	-	-	-	-	-	-	-	-	152,753	-	-	-	152,753	-
President's Emergency Plan for AIDS Relief	-	-	-	-	-	-	-	-	-	-	-	-	488,103	488,103	-
Program & Policy Coordination	5,300	5,980	-	-	-	-	-	-	-	-	-	-	-	11,280	-
Program Development and Support	-	-	-	-	-	-	13,850	-	-	-	-	-	-	13,850	-
Program Equipment	-	-	-	-	-	-	-	-	500	-	-	-	-	500	-
Reconciliation Programs	-	-	7,953	-	-	-	-	-	-	-	-	-	-	7,953	-
Reserve to be Allocated	-	-	-	-	-	-	-	-	-	-	-	-	24,853	24,853	-
SALW Conference	-	-	-	-	-	-	-	-	100	-	-	-	-	100	-
Security and Sustainability Programs	-	-	2,982	-	-	-	-	-	-	-	-	-	-	2,982	-
Systems Support and Upgrades	-	-	-	-	-	-	5,000	-	-	-	-	-	-	5,000	-
Terrorist Interdiction Program	-	-	-	-	-	-	-	-	4,971	-	-	-	-	4,971	-
Trade and Development Agency	-	-	-	-	-	-	-	-	-	-	-	-	49,707	49,707	-
Trafficking in Persons	-	-	-	-	-	-	12,000	-	-	-	-	-	-	12,000	-
Transition Initiatives	-	-	-	-	-	-	-	-	-	-	-	-	54,676	54,676	-
Treasury Technical Assistance	-	-	-	-	-	-	-	-	-	-	-	-	18,888	18,888	-
U.S. Emergency Refugee and Migration Assistance Fund	-	-	-	-	-	-	-	-	-	-	-	-	29,823	29,823	-
UN Children's Fund	-	-	-	-	-	-	-	-	-	-	-	-	119,292	119,292	-
UN Development Fund for Women	-	-	-	-	-	-	-	-	-	-	-	-	994	994	-
UN Development Program	-	-	-	-	-	-	-	-	-	-	-	-	101,398	101,398	-
UN Environment Program	-	-	-	-	-	-	-	-	-	-	-	-	10,935	10,935	-
UN High Commissioner, Human Rights	-	-	-	-	-	-	-	-	-	-	-	-	2,484	2,484	-
UN Voluntary Fund for Technical Cooperation in the Field of Human Rights	-	-	-	-	-	-	-	-	-	-	-	-	1,491	1,491	-
UN Voluntary Fund for Victims of Torture	-	-	-	-	-	-	-	-	-	-	-	-	5,468	5,468	-
United Nations Crime Center	-	-	-	-	-	-	1,000	-	-	-	-	-	-	1,000	-
USAID Capital Investment Fund	-	-	-	-	-	-	-	-	-	-	-	-	98,315	98,315	-
USAID Inspector General Operating Expenses	-	-	-	-	-	-	-	-	-	-	-	-	34,794	34,794	-
USAID Operating Expenses	-	-	-	-	-	-	-	-	-	-	-	-	640,536	640,536	-
Wheelchairs	-	-	4,971	-	-	-	-	-	-	-	-	-	-	4,971	-
World Meteorological Organization	-	-	-	-	-	-	-	-	-	-	-	-	1,988	1,988	-
World Trade Organization	-	-	-	-	-	-	-	-	-	-	-	-	994	994	-
Total Global	925,684	288,287	56,166	42,250	-	2,500	148,574	233,853	153,076	152,753	50,000	-	4,132,957	6,186,100	638,365
Total FY 2004	1,824,174	1,376,829	3,263,309	4,632,665	583,537	91,159	1,186,961	755,712	396,415	308,171	124,458	442,375	4,578,405	19,564,170	1,184,967

Country/Account Summaries ('Spigots')
FY 2005
(\$ in thousands)

Countries/Accounts	CSH	DA	ESF	FMF	FSA	IMET	INCLE/ ACI	MRA	NADR	Peace Corps	PKO	SEED	Other	Total	P.L.480
Africa															
Africa Coastal/Border Security Program	-	-	-	4,000	-	-	-	-	-	-	-	-	-	4,000	-
Africa Regional	31,830	77,423	-	-	-	-	1,480	-	-	3,957	-	-	-	114,690	-
Africa Regional Fund	-	-	11,000	-	-	-	-	-	-	-	-	-	-	11,000	-
Africa Regional Peacekeeping	-	-	-	-	-	-	-	-	-	-	45,000	-	-	45,000	-
African Contingency Operations Training and Assistance	-	-	-	-	-	-	-	-	-	-	15,000	-	-	15,000	-
African Development Bank	-	-	-	-	-	-	-	-	-	-	-	-	5,100	5,100	-
African Development Foundation	-	-	-	-	-	-	-	-	-	-	-	-	17,000	17,000	-
African Development Fund	-	-	-	-	-	-	-	-	-	-	-	-	118,000	118,000	-
Angola	7,130	4,544	3,000	-	-	300	-	-	5,300	-	-	-	-	20,274	9,501
Anti-Corruption Initiative	-	7,500	-	-	-	-	-	-	-	-	-	-	-	7,500	-
ATA Regional - Africa	-	-	-	-	-	-	-	-	16,167	-	-	-	-	16,167	-
Benin	7,910	7,077	-	-	-	250	-	-	-	2,972	-	-	-	18,209	4,332
Botswana	-	-	-	500	-	700	-	-	-	1,788	-	-	-	2,988	-
Burkina Faso	-	-	-	-	-	50	-	-	-	3,113	-	-	-	3,163	11,526
Burundi	1,731	1,543	3,250	-	-	50	-	-	-	-	-	-	-	6,574	-
Cameroon	-	-	-	-	-	225	-	-	-	3,989	-	-	-	4,214	-
Cape Verde	-	-	-	-	-	120	-	-	-	1,692	-	-	-	1,812	3,596
Central African Republic	-	-	-	-	-	110	-	-	-	-	-	-	-	110	-
Chad	-	-	-	-	-	225	-	-	1,000	2,202	-	-	-	3,427	2,741
Comoros	-	-	-	-	-	50	-	-	-	-	-	-	-	50	-
Competitive Initiative Funds	-	39,500	-	-	-	-	-	-	-	-	-	-	-	39,500	-
Congo Basin Forest Partnership	-	15,000	-	-	-	-	-	-	-	-	-	-	-	15,000	-
Cote d'Ivoire	-	-	-	-	-	50	-	-	-	-	-	-	-	50	-
Democratic Republic of Congo	20,022	7,427	5,000	-	-	50	-	-	-	-	-	-	-	32,499	-
Djibouti	-	-	2,000	4,000	-	325	-	-	-	-	-	-	-	6,325	-
ECOWAS	-	-	-	-	-	100	-	-	-	-	-	-	-	100	-
Equatorial Guinea	-	-	-	-	-	50	-	-	-	-	-	-	-	50	-
Eritrea	5,605	781	-	500	-	450	-	-	-	-	-	-	-	7,336	6,283
Ethiopia	39,191	15,529	5,000	2,000	-	600	-	-	-	-	-	-	-	62,320	25,630
Gabon	-	-	-	-	-	210	-	-	-	2,653	-	-	-	2,863	-
Gambia	-	-	-	-	-	75	-	-	-	2,266	-	-	-	2,341	-
Ghana	18,560	11,500	-	500	-	575	-	-	-	3,010	-	-	-	34,145	17,189
Guinea	6,202	10,888	-	-	-	350	-	-	-	2,663	-	-	-	20,103	4,453
Guinea-Bissau	-	-	-	-	-	100	-	-	-	-	-	-	-	100	-
Kenya	31,962	12,171	8,000	7,000	-	650	-	-	4,050	3,635	-	-	-	67,468	14,662
Lesotho	-	-	-	-	-	50	-	-	-	2,583	-	-	-	2,633	-
Liberia	1,997	545	25,000	-	-	-	5,000	-	-	-	-	-	-	32,542	-
Madagascar	11,200	10,379	-	-	-	200	-	-	-	2,558	-	-	-	24,337	12,444
Malawi	18,900	10,295	-	-	-	360	-	-	-	2,565	-	-	-	32,120	8,500
Mali	13,974	20,793	-	-	-	175	-	-	-	3,701	-	-	-	38,643	-
Mauritania	-	-	-	-	-	130	-	-	-	2,330	-	-	-	2,460	3,380

Country/Account Summaries ('Spigots')
FY 2005
(\$ in thousands)

Countries/Accounts	CSH	DA	ESF	FMF	FSA	IMET	INCLE/ ACI	MRA	NADR	Peace Corps	PKO	SEED	Other	Total	P.L.480
Mauritius	-	-	-	-	-	125	-	-	-	-	-	-	-	125	-
Military Health Affairs	-	-	-	2,000	-	-	-	-	-	-	-	-	-	2,000	-
Mozambique	19,730	18,319	-	-	-	215	-	-	1,600	2,498	-	-	-	42,362	18,801
MRA Africa	-	-	-	-	-	-	-	208,500	-	-	-	-	-	208,500	-
Namibia	2,150	6,558	-	-	-	100	-	-	-	2,876	-	-	-	11,684	-
Niger	-	-	-	-	-	100	-	-	-	3,210	-	-	-	3,310	8,992
Nigeria	43,724	15,590	5,000	1,000	-	800	2,250	-	-	-	-	-	-	68,364	-
REDSO/ESA	11,009	16,579	-	-	-	-	-	-	-	-	-	-	-	27,588	-
Regional Center for Southern Africa	-	18,363	-	-	-	-	-	-	-	-	-	-	-	18,363	-
Regional Organizations	-	-	1,000	-	-	-	-	-	-	-	-	-	-	1,000	-
Republic of the Congo	-	-	-	-	-	110	-	-	-	-	-	-	-	110	-
Rwanda	13,406	5,121	-	-	-	225	-	-	-	-	-	-	-	18,752	12,131
Safe Skies	-	-	5,000	-	-	-	-	-	-	-	-	-	-	5,000	-
Sao Tome and Principe	-	-	-	-	-	200	-	-	-	-	-	-	-	200	-
Senegal	15,873	10,548	-	500	-	1,100	-	-	-	3,602	-	-	-	31,623	5,000
Seychelles	-	-	-	-	-	100	-	-	-	-	-	-	-	100	-
Sierra Leone	-	3,269	5,000	-	-	300	-	-	-	-	-	-	-	8,569	5,335
Somalia	-	986	-	-	-	-	-	-	-	-	-	-	-	986	-
South Africa	24,011	26,789	1,000	-	-	50	1,770	-	25	3,463	-	-	-	57,108	-
Sudan	11,000	70,000	20,000	-	-	-	-	-	1,800	-	-	-	-	102,800	-
Swaziland	-	-	-	-	-	100	-	-	-	1,593	-	-	-	1,693	-
Tanzania	19,856	7,132	-	-	-	100	-	-	225	3,387	-	-	-	30,700	-
Togo	-	-	-	-	-	120	-	-	-	2,587	-	-	-	2,707	-
Uganda	34,294	20,450	-	-	-	225	-	-	-	1,655	-	-	-	56,624	17,591
West Africa Regional	21,464	14,405	-	-	-	-	-	-	-	-	-	-	-	35,869	1,720
Zambia	34,100	11,150	-	-	-	225	-	-	-	3,179	-	-	-	48,654	2,877
Zimbabwe	11,369	1,246	2,000	-	-	-	-	-	-	-	-	-	-	14,615	-
Total Africa	478,200	499,400	101,250	22,000	-	10,775	10,500	208,500	30,167	75,727	60,000	-	140,100	1,636,619	196,684
East Asia and the Pacific															
ASEAN	-	-	2,500	-	-	-	-	-	-	-	-	-	-	2,500	-
ATA Regional - East Asia and the Pacific	-	-	-	-	-	-	-	-	6,636	-	-	-	-	6,636	-
Burma	-	-	7,000	-	-	-	-	-	-	-	-	-	-	7,000	-
Cambodia	25,300	2,200	17,000	-	-	50	-	-	3,300	-	-	-	-	47,850	-
China	-	-	-	-	-	-	-	-	-	1,221	-	-	-	1,221	-
East Asia Regional	-	-	-	-	-	-	-	-	365	-	-	-	-	365	-
East Timor	-	-	13,500	1,000	-	300	-	-	-	1,823	-	-	-	16,623	-
Fiji	-	-	-	-	-	250	-	-	-	1,717	-	-	-	1,967	-
Indonesia	32,300	32,742	70,000	-	-	600	10,000	-	6,000	-	-	-	-	151,642	23,000
Kiribati	-	-	-	-	-	-	-	-	-	1,479	-	-	-	1,479	-
Laos	-	-	-	-	-	100	2,000	-	2,500	-	-	-	-	4,600	-
Malaysia	-	-	-	-	-	1,100	-	-	1,020	-	-	-	-	2,120	-
Micronesia	-	-	-	-	-	-	-	-	-	2,309	-	-	-	2,309	-
Mongolia	-	-	10,000	500	-	850	-	-	-	1,911	-	-	-	13,261	-
MRA East Asia	-	-	-	-	-	-	-	14,500	-	-	-	-	-	14,500	-

Country/Account Summaries ('Spigots')
FY 2005
(\$ in thousands)

Countries/Accounts	CSH	DA	ESF	FMF	FSA	IMET	INCLE/ ACI	MRA	NADR	Peace Corps	PKO	SEED	Other	Total	PL.480
Papua New Guinea	-	-	-	-	-	300	-	-	-	-	-	-	-	300	-
Philippines	28,000	26,076	35,000	30,000	-	3,000	2,000	-	2,000	2,876	-	-	-	128,952	-
Regional Development Mission / Asia	15,500	12,500	-	-	-	-	-	-	-	-	-	-	-	28,000	-
Regional Security Fund	-	-	250	-	-	-	-	-	-	-	-	-	-	250	-
Regional Women's Issues	-	-	1,000	-	-	-	-	-	-	-	-	-	-	1,000	-
Samoa	-	-	-	-	-	50	-	-	-	1,538	-	-	-	1,588	-
Singapore	-	-	-	-	-	-	-	-	500	-	-	-	-	500	-
Solomon Islands	-	-	-	-	-	150	-	-	-	-	-	-	-	150	-
South Pacific Fisheries	-	-	18,000	-	-	-	-	-	-	-	-	-	-	18,000	-
Taiwan	-	-	-	-	-	-	-	-	550	-	-	-	-	550	-
Thailand	-	-	-	500	-	2,500	2,000	-	750	2,550	-	-	-	8,300	-
Tonga	-	-	-	-	-	135	-	-	-	1,296	-	-	-	1,431	-
Vanuatu	-	-	-	-	-	110	-	-	-	1,867	-	-	-	1,977	-
Vietnam	5,700	4,500	-	-	-	50	-	-	2,880	-	-	-	-	13,130	-
Total East Asia and the Pacific	106,800	78,018	174,250	32,000	-	9,545	16,000	14,500	26,501	20,587	-	-	-	478,201	23,000
Europe and Eurasia															
Albania	-	-	-	3,000	-	900	-	-	300	1,737	-	28,000	-	33,937	-
Armenia	-	-	-	2,000	62,000	750	-	-	300	2,032	-	-	-	67,082	-
ATA Regional - Europe and Eurasia	-	-	-	-	-	-	-	-	19,603	-	-	-	-	19,603	-
Azerbaijan	-	-	-	8,000	38,000	750	-	-	2,545	1,946	-	-	-	51,241	-
Belarus	-	-	-	-	6,500	-	-	-	300	-	-	-	-	6,800	-
Bosnia and Herzegovina	-	-	-	2,500	-	900	-	-	900	-	-	41,000	-	45,300	-
Bulgaria	-	-	-	7,000	-	1,395	-	-	1,100	3,457	-	27,000	-	39,952	-
Central and Eastern Europe Regional	250	-	-	-	-	-	-	-	-	-	-	-	-	250	-
Central Asian Republics	1,000	-	-	-	-	-	-	-	-	-	-	-	-	1,000	-
Croatia	-	-	-	-	-	50	-	-	690	-	-	20,000	-	20,740	-
Cyprus	-	-	13,500	-	-	-	-	-	400	-	-	-	-	13,900	-
Czech Republic	-	-	-	6,000	-	1,900	-	-	-	-	-	-	-	7,900	-
Estonia	-	-	-	5,000	-	1,200	-	-	1,000	-	-	-	-	7,200	-
European Bank for Reconstruction and Development	-	-	-	-	-	-	-	-	-	-	-	-	35,431	35,431	-
Georgia	-	-	-	12,000	90,000	1,200	-	-	3,000	1,861	-	-	-	108,061	-
Greece	-	-	-	-	-	600	-	-	-	-	-	-	-	600	-
Hungary	-	-	-	6,000	-	1,900	-	-	-	-	-	-	-	7,900	-
International Fund for Ireland	-	-	8,500	-	-	-	-	-	-	-	-	-	-	8,500	-
Irish Visa Program	-	-	3,500	-	-	-	-	-	-	-	-	-	-	3,500	-
Kazakhstan	-	-	-	6,000	28,000	1,000	-	-	2,500	2,724	-	-	-	40,224	-
Kosovo	-	-	-	-	-	-	-	-	-	-	-	72,000	-	72,000	-
Kyrgyz Republic	-	-	-	3,000	33,000	1,100	-	-	500	1,940	-	-	-	39,540	-
Latvia	-	-	-	5,000	-	1,200	-	-	1,000	-	-	-	-	7,200	-
Lithuania	-	-	-	5,500	-	1,200	-	-	1,000	-	-	-	-	7,700	-
Macedonia	-	-	-	6,500	-	650	-	-	400	1,852	-	34,000	-	43,402	-
Malta	-	-	-	-	-	125	-	-	100	-	-	-	-	225	-
Moldova	-	-	-	800	17,500	900	-	-	495	2,795	-	-	-	22,490	-

Country/Account Summaries ('Spigots')
FY 2005
(\$ in thousands)

Countries/Accounts	CSH	DA	ESF	FMF	FSA	IMET	INCLE/ ACI	MRA	NADR	Peace Corps	PKO	SEED	Other	Total	P.L.480
MRA Europe	-	-	-	-	-	-	-	50,000	-	-	-	-	-	50,000	-
OSCE Regional - Europe	-	-	-	-	-	-	-	-	-	-	2,500	-	-	2,500	-
Poland	-	-	-	66,000	-	2,000	-	-	-	-	-	-	-	68,000	-
Portugal	-	-	-	-	-	850	-	-	-	-	-	-	-	850	-
Regional FSA	-	-	-	-	49,000	-	-	-	-	-	-	-	-	49,000	-
Regional SEED	-	-	-	-	-	-	-	-	-	-	-	59,000	-	59,000	-
Romania	-	-	-	11,000	-	1,500	-	-	750	3,534	-	27,000	-	43,784	-
Russia	3,000	-	-	-	79,500	800	-	-	2,800	-	-	-	-	86,100	-
Serbia and Montenegro	-	-	-	-	-	250	-	-	1,535	-	-	102,000	-	103,785	-
Slovakia	-	-	-	6,000	-	950	-	-	550	-	-	-	-	7,500	-
Slovenia	-	-	-	2,000	-	950	-	-	495	-	-	-	-	3,445	-
Tajikistan	-	-	-	700	25,000	350	-	-	300	-	-	-	-	26,350	10,000
Turkey	-	-	50,000	34,000	-	4,000	-	-	600	-	-	-	-	88,600	-
Turkmenistan	-	-	-	700	6,000	450	-	-	-	2,125	-	-	-	9,275	-
Ukraine	1,750	-	-	6,500	79,500	1,700	-	-	3,000	5,408	-	-	-	97,858	-
Uzbekistan	-	-	-	12,000	36,000	1,200	-	-	1,200	2,817	-	-	-	53,217	-
Total Europe and Eurasia	6,000	-	75,500	217,200	550,000	32,720	-	50,000	47,363	34,228	2,500	410,000	35,431	1,460,942	10,000
Near East															
Algeria	-	-	-	-	-	850	-	-	-	-	-	-	-	850	-
ATA Regional - Near East Asia	-	-	-	-	-	-	-	-	18,479	-	-	-	-	18,479	-
Bahrain	-	-	-	20,000	-	650	-	-	-	-	-	-	-	20,650	-
Egypt	-	-	535,000	1,300,000	-	1,200	-	-	-	-	-	-	-	1,836,200	-
Israel	-	-	360,000	2,220,000	-	-	-	-	-	-	-	-	-	2,580,000	-
Jordan	-	-	250,000	206,000	-	3,000	-	-	860	1,640	-	-	-	461,500	-
Lebanon	-	-	32,000	-	-	700	-	-	2,300	-	-	-	-	35,000	-
Middle East Multilaterals	-	-	2,000	-	-	-	-	-	-	-	-	-	-	2,000	-
Middle East Partnership Initiative	-	-	150,000	-	-	-	-	-	-	-	-	-	-	150,000	-
Middle East Regional Cooperation	-	-	5,000	-	-	-	-	-	-	-	-	-	-	5,000	-
Morocco	-	6,000	20,000	20,000	-	1,875	6,000	-	-	3,488	-	-	-	57,363	-
MRA Humanitarian Migrants to Israel	-	-	-	-	-	-	-	50,000	-	-	-	-	-	50,000	-
MRA Near East	-	-	-	-	-	-	-	97,000	-	-	-	-	-	97,000	-
Multinational Force and Observers	-	-	-	-	-	-	-	-	-	-	16,500	-	-	16,500	-
Oman	-	-	-	25,000	-	1,100	-	-	400	-	-	-	-	26,500	-
Saudi Arabia	-	-	-	-	-	25	-	-	-	-	-	-	-	25	-
Tunisia	-	-	-	10,000	-	1,875	-	-	-	-	-	-	-	11,875	-
United Arab Emirates	-	-	-	-	-	-	-	-	250	-	-	-	-	250	-
West Bank/Gaza	-	-	75,000	-	-	-	-	-	-	-	-	-	-	75,000	-
Yemen	-	-	20,000	15,000	-	1,100	-	-	2,025	-	-	-	-	38,125	-
Total Near East	-	6,000	1,449,000	3,816,000	-	12,375	6,000	147,000	24,314	5,128	16,500	-	-	5,482,317	-
South Asia															
Afghanistan	22,000	150,000	225,000	400,000	-	800	90,000	-	17,450	-	24,000	-	-	929,250	-
ATA Regional - South Asia	-	-	-	-	-	-	-	-	6,281	-	-	-	-	6,281	-
Bangladesh	36,300	19,187	5,000	-	-	900	-	-	-	2,133	-	-	-	63,520	46,000

Country/Account Summaries ('Spigots')
FY 2005
(\$ in thousands)

Countries/Accounts	CSH	DA	ESF	FMF	FSA	IMET	INCLE/ ACI	MRA	NADR	Peace Corps	PKO	SEED	Other	Total	PL.480
India	43,400	25,400	15,000	-	-	1,400	-	-	685	-	-	-	-	85,885	44,849
Maldives	-	-	-	-	-	175	-	-	-	-	-	-	-	175	-
MRA South Asia	-	-	-	-	-	-	-	58,039	-	-	-	-	-	58,039	-
Nepal	23,350	11,000	5,000	1,000	-	650	-	-	-	2,887	-	-	-	43,887	-
Pakistan	21,050	29,000	300,000	300,000	-	2,000	40,000	-	8,000	-	-	-	-	700,050	-
South Asia Regional Funds	-	-	2,000	-	-	-	-	-	-	-	-	-	-	2,000	-
Sri Lanka	300	6,624	12,000	500	-	500	-	-	1,900	-	1,000	-	-	22,824	-
Total South Asia	146,400	241,211	564,000	701,500	-	6,425	130,000	58,039	34,316	5,020	25,000	-	-	1,911,911	90,849
Western Hemisphere															
Air Bridge Denial Program	-	-	-	-	-	-	21,000	-	-	-	-	-	-	21,000	-
Argentina	-	-	-	1,000	-	1,100	-	-	50	-	-	-	-	2,150	-
ATA Regional - Western Hemisphere	-	-	-	-	-	-	-	-	244	-	-	-	-	244	-
Bahamas	-	-	-	100	-	240	1,000	-	-	-	-	-	-	1,340	-
Belize	-	-	-	200	-	100	-	-	-	1,918	-	-	-	2,218	-
Bolivia	16,139	14,454	8,000	3,000	-	800	91,000	-	-	3,392	-	-	-	136,785	23,696
Brazil	7,638	6,993	-	-	-	50	9,000	-	50	-	-	-	-	23,731	-
Caribbean Regional	4,637	11,799	-	-	-	-	-	-	-	-	-	-	-	16,436	-
Central American Regional	6,708	21,582	-	-	-	-	-	-	-	-	-	-	-	28,290	-
Chile	-	-	-	500	-	600	-	-	-	-	-	-	-	1,100	-
Colombia	-	-	-	108,000	-	1,700	463,000	-	4,120	-	-	-	-	576,820	-
Costa Rica	-	-	-	-	-	50	-	-	-	1,734	-	-	-	1,784	-
Cuba	-	-	9,000	-	-	-	-	-	-	-	-	-	-	9,000	-
Dominican Republic	11,354	8,324	3,000	1,500	-	1,100	-	-	-	2,970	-	-	-	28,248	-
Eastern Caribbean	-	-	-	1,350	-	800	-	-	-	3,579	-	-	-	5,729	-
Ecuador	351	6,953	13,000	2,000	-	300	26,000	-	100	3,684	-	-	-	52,388	-
El Salvador	8,871	17,342	-	2,750	-	1,600	-	-	-	2,675	-	-	-	33,238	-
Guatemala	9,723	6,647	4,000	-	-	300	2,820	-	-	4,146	-	-	-	27,636	17,631
Guyana	1,700	4,957	-	100	-	300	-	-	-	1,757	-	-	-	8,814	-
Haiti	16,525	7,963	-	300	-	150	-	-	-	2,074	-	-	-	27,012	27,000
Honduras	10,777	19,925	-	1,500	-	1,100	-	-	-	4,436	-	-	-	37,738	11,916
Inter-American Development Bank - Multilateral Investment Fund	-	-	-	-	-	-	-	-	-	-	-	-	25,000	25,000	-
Inter-American Foundation	-	-	-	-	-	-	-	-	-	-	-	-	15,185	15,185	-
Jamaica	4,339	17,532	-	600	-	700	1,500	-	-	3,165	-	-	-	27,836	-
LAC Regional	4,622	32,500	-	-	-	-	-	-	-	-	-	-	-	37,122	-
Latin America Regional	-	-	-	-	-	-	3,250	-	-	-	-	-	-	3,250	-
Mexico	3,230	13,915	11,500	-	-	1,250	40,000	-	-	1,621	-	-	-	71,516	-
MRA Western Hemisphere	-	-	-	-	-	-	-	26,000	-	-	-	-	-	26,000	-
Nicaragua	6,913	25,311	2,500	500	-	600	-	-	300	2,931	-	-	-	39,055	11,013
OAS Demining	-	-	-	-	-	-	-	-	3,500	-	-	-	-	3,500	-
OAS Development Assistance Programs	-	-	-	-	-	-	-	-	-	-	-	-	5,500	5,500	-
OAS Fund for Strengthening Democracy	-	-	-	-	-	-	-	-	-	-	-	-	2,500	2,500	-
Panama	-	5,446	3,000	1,500	-	600	6,000	-	25	2,843	-	-	-	19,414	-
Paraguay	1,907	4,040	3,000	-	-	250	-	-	-	3,215	-	-	-	12,412	-

Country/Account Summaries ('Spigots')
FY 2005
(\$ in thousands)

Countries/Accounts	CSH	DA	ESF	FMF	FSA	IMET	INCLE/ ACI	MRA	NADR	Peace Corps	PKO	SEED	Other	Total	P.L.480
Peru	13,037	10,492	8,000	1,000	-	300	112,000	-	-	2,197	-	-	-	147,026	21,100
Peru-Ecuador Peace	-	-	4,000	-	-	-	-	-	-	-	-	-	-	4,000	-
Regional Anticorruption Initiatives	-	-	3,000	-	-	-	-	-	-	-	-	-	-	3,000	-
South America Regional	1,829	5,525	-	-	-	-	-	-	-	-	-	-	-	7,354	-
Summit of the Americas Support	-	-	2,000	-	-	-	-	-	-	-	-	-	-	2,000	-
Suriname	-	-	-	100	-	150	-	-	-	1,373	-	-	-	1,623	-
Third Border Initiative	-	-	9,000	-	-	-	-	-	-	-	-	-	-	9,000	-
Trade Capacity Building	-	-	8,500	-	-	-	-	-	-	-	-	-	-	8,500	-
Tri-Border Initiative	-	-	-	-	-	-	-	-	1,000	-	-	-	-	1,000	-
Trinidad and Tobago	-	-	-	-	-	50	-	-	-	-	-	-	-	50	-
Uruguay	-	-	-	500	-	150	-	-	-	-	-	-	-	650	-
Venezuela	-	-	500	-	-	50	3,000	-	-	-	-	-	-	3,550	-
Total Western Hemisphere	130,300	241,700	92,000	126,500	-	14,390	779,570	26,000	9,389	49,710	-	-	48,185	1,517,744	112,356
Global															
Anticorruption/Rule of Law	-	-	-	-	-	-	9,000	-	-	-	-	-	-	9,000	-
Asia Regional	-	-	-	-	-	-	1,000	-	-	-	-	-	-	1,000	-
Asia-Near East Regional	2,900	18,571	-	-	-	-	-	-	-	-	-	-	-	21,471	-
Asian Development Fund	-	-	-	-	-	-	-	-	-	-	-	-	112,212	112,212	-
ATA Alumni Network	-	-	-	-	-	-	-	-	500	-	-	-	-	500	-
ATA Program Management	-	-	-	-	-	-	-	-	6,000	-	-	-	-	6,000	-
ATA Senior Policy Engagement Conferences	-	-	-	-	-	-	-	-	1,000	-	-	-	-	1,000	-
Civilian Police Program	-	-	-	-	-	-	2,700	-	-	-	-	-	-	2,700	-
Counterterrorism Financing	-	-	-	-	-	-	-	-	7,500	-	-	-	-	7,500	-
CT Engagement w/Allies	-	-	-	-	-	-	-	-	500	-	-	-	-	500	-
CTBT International Monitoring System	-	-	-	-	-	-	-	-	19,000	-	-	-	-	19,000	-
Debt Restructuring	-	-	-	-	-	-	-	-	-	-	-	-	200,000	200,000	-
Demand Reduction	-	-	-	-	-	-	4,200	-	-	-	-	-	-	4,200	-
Demining Administrative Expenses	-	-	-	-	-	-	-	-	900	-	-	-	-	900	-
Demining Crosscutting Initiatives	-	-	-	-	-	-	-	-	7,000	-	-	-	-	7,000	-
Demining Mine Surveys	-	-	-	-	-	-	-	-	3,000	-	-	-	-	3,000	-
Demining New Country Programs	-	-	-	-	-	-	-	-	6,100	-	-	-	-	6,100	-
Demining Research and Training	-	-	-	-	-	-	-	-	3,000	-	-	-	-	3,000	-
Democracy, Conflict & Humanitarian Assistance	2,050	77,700	-	-	-	-	-	-	-	-	-	-	-	79,750	-
Development Credit Program - Admin. Exp.	-	-	-	-	-	-	-	-	-	-	-	-	8,000	8,000	-
E-IMET Schools	-	-	-	-	-	3,000	-	-	-	-	-	-	-	3,000	-
Economic Growth, Agriculture and Trade	-	150,600	-	-	-	-	-	-	-	-	-	-	-	150,600	-
Enhanced International Peacekeeping Capabilities	-	-	-	1,800	-	-	-	-	-	-	-	-	-	1,800	-
Export Control Program Administration	-	-	-	-	-	-	-	-	1,500	-	-	-	-	1,500	-
Export Control Regional Advisors	-	-	-	-	-	-	-	-	7,600	-	-	-	-	7,600	-

Country/Account Summaries ('Spigots')
FY 2005
(\$ in thousands)

Countries/Accounts	CSH	DA	ESF	FMF	FSA	IMET	INCLE/ ACI	MRA	NADR	Peace Corps	PKO	SEED	Other	Total	P.L.480
Export-Import Bank - Administrative Expenses	-	-	-	-	-	-	-	-	-	-	-	-	73,200	73,200	-
Export-Import Bank - Direct Loans, Negative Subsidies	-	-	-	-	-	-	-	-	-	-	-	-	(44,000)	(44,000)	-
Export-Import Bank - Inspector General	-	-	-	-	-	-	-	-	-	-	-	-	1,140	1,140	-
Export-Import Bank - Loan Subsidy	-	-	-	-	-	-	-	-	-	-	-	-	125,700	125,700	-
FMF Administrative Costs	-	-	-	40,500	-	-	-	-	-	-	-	-	-	40,500	-
General Costs	-	-	-	-	-	500	-	-	-	-	-	-	-	500	-
Global Development Alliance	-	10,000	-	-	-	-	-	-	-	-	-	-	-	10,000	-
Global Environment Facility	-	-	-	-	-	-	-	-	-	-	-	-	120,678	120,678	-
Global Health	299,342	-	-	-	-	-	-	-	-	-	-	-	-	299,342	-
Global Regional Export Controls	-	-	-	-	-	-	-	-	1,450	-	-	-	-	1,450	-
Human Rights and Democracy Funds	-	-	27,000	-	-	-	-	-	-	-	-	-	-	27,000	-
IMO Maritime Security Programs	-	-	-	-	-	-	-	-	-	-	-	-	100	100	-
INL Anticrime Programs	-	-	-	-	-	-	10,000	-	-	-	-	-	-	10,000	-
International Atomic Energy Agency Voluntary Contribution	-	-	-	-	-	-	-	-	53,000	-	-	-	-	53,000	-
International Civil Aviation Organization	-	-	-	-	-	-	-	-	-	-	-	-	1,000	1,000	-
International Conservation Programs	-	-	-	-	-	-	-	-	-	-	-	-	6,225	6,225	-
International Contributions for Scientific, Educational, and Cultural Activities	-	-	-	-	-	-	-	-	-	-	-	-	500	500	-
International Development Association	-	-	-	-	-	-	-	-	-	-	-	-	1,061,310	1,061,310	-
International Disaster and Famine Assistance	-	-	-	-	-	-	-	-	-	-	-	-	385,500	385,500	-
International Fund for Agricultural Development	-	-	-	-	-	-	-	-	-	-	-	-	15,000	15,000	-
International Law Enforcement Academies	-	-	-	-	-	-	14,500	-	-	-	-	-	-	14,500	-
International Organizations	-	-	-	-	-	-	12,000	-	-	-	-	-	-	12,000	-
International Organizations/Partnerships	244,408	-	-	-	-	-	-	-	-	-	-	-	-	244,408	-
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	-	-	-	-	-	-	70,000	-	-	-	-	-	-	70,000	-
Legislative and Public Affairs	-	1,400	-	-	-	-	-	-	-	-	-	-	-	1,400	-
Millennium Challenge Account	-	-	-	-	-	-	-	-	-	-	-	-	2,500,000	2,500,000	-
Mobile Antiterrorism Training Team (MATT)	-	-	-	-	-	-	-	-	9,000	-	-	-	-	9,000	-
Montreal Protocol Multilateral Fund	-	-	-	-	-	-	-	-	-	-	-	-	21,500	21,500	-
MRA Administrative Expenses	-	-	-	-	-	-	-	19,500	-	-	-	-	-	19,500	-
MRA Migration	-	-	-	-	-	-	-	15,500	-	-	-	-	-	15,500	-
MRA Refugee Admissions	-	-	-	-	-	-	-	135,750	-	-	-	-	-	135,750	-
MRA Strategic Global Priorities	-	-	-	-	-	-	-	55,000	-	-	-	-	-	55,000	-
Muslim Outreach	-	-	20,000	-	-	-	-	-	-	-	-	-	-	20,000	-
New Country Programs	-	-	-	-	-	-	-	-	500	-	-	-	-	500	-

Country/Account Summaries ('Spigots')
FY 2005
(\$ in thousands)

Countries/Accounts	CSH	DA	ESF	FMF	FSA	IMET	INCLE/ ACI	MRA	NADR	Peace Corps	PKO	SEED	Other	Total	PL.480
New Course Development	-	-	-	-	-	-	-	-	8,600	-	-	-	-	8,600	-
Non-Proliferation and Disarmament Fund	-	-	-	-	-	-	-	-	34,500	-	-	-	-	34,500	-
Nonproliferation of WMD Expertise	-	-	-	-	-	-	-	-	50,500	-	-	-	-	50,500	-
Oceans, Environmental and Science Initiative	-	-	3,000	-	-	-	-	-	-	-	-	-	-	3,000	-
OPIC - Administrative Expenses	-	-	-	-	-	-	-	-	-	-	-	-	42,885	42,885	-
OPIC - Credit Funding	-	-	-	-	-	-	-	-	-	-	-	-	24,000	24,000	-
OPIC - Net Offsetting Collections	-	-	-	-	-	-	-	-	-	-	-	-	(254,000)	(254,000)	-
Other Programs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	752,111
Partnership to Eliminate Sweatshops	-	-	2,000	-	-	-	-	-	-	-	-	-	-	2,000	-
Peace Corps Other	-	-	-	-	-	-	-	-	-	210,600	-	-	-	210,600	-
President's Emergency Plan for AIDS Relief	-	-	-	-	-	-	-	-	-	-	-	-	1,450,000	1,450,000	-
Program & Policy Coordination	3,600	4,400	-	-	-	-	-	-	-	-	-	-	-	8,000	-
Program Development and Support	-	-	-	-	-	-	13,850	-	-	-	-	-	-	13,850	-
Program Equipment	-	-	-	-	-	-	-	-	7,000	-	-	-	-	7,000	-
Reserve to be Allocated	-	-	-	-	-	-	-	-	-	-	-	-	25,000	25,000	-
Systems Support and Upgrades	-	-	-	-	-	-	4,500	-	-	-	-	-	-	4,500	-
Terrorist Interdiction Program	-	-	-	-	-	-	-	-	5,000	-	-	-	-	5,000	-
Trade and Development Agency	-	-	-	-	-	-	-	-	-	-	-	-	50,000	50,000	-
Trafficking in Persons	-	-	12,000	-	-	-	5,000	-	-	-	-	-	-	17,000	-
Transition Initiatives	-	-	-	-	-	-	-	-	-	-	-	-	62,800	62,800	-
Treasury Technical Assistance	-	-	-	-	-	-	-	-	-	-	-	-	17,500	17,500	-
U.S. Emergency Fund for Complex Foreign Crises	-	-	-	-	-	-	-	-	-	-	-	-	100,000	100,000	-
U.S. Emergency Refugee and Migration Assistance Fund	-	-	-	-	-	-	-	-	-	-	-	-	20,000	20,000	-
UN Children's Fund	-	-	-	-	-	-	-	-	-	-	-	-	120,000	120,000	-
UN Development Fund for Women	-	-	-	-	-	-	-	-	-	-	-	-	1,000	1,000	-
UN Development Program	-	-	-	-	-	-	-	-	-	-	-	-	90,000	90,000	-
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	-
United Nations Crime Center	-	-	-	-	-	-	1,000	-	-	-	-	-	-	1,000	-
USAID Capital Investment Fund	-	-	-	-	-	-	-	-	-	-	-	-	64,800	64,800	-
USAID Inspector General Operating Expenses	-	-	-	-	-	-	-	-	-	-	-	-	35,000	35,000	-
USAID Operating Expenses	-	-	-	-	-	-	-	-	-	-	-	-	623,400	623,400	-
World Food Program	-	-	-	-	-	-	-	-	-	-	-	-	6,000	6,000	-
World Meteorological Organization	-	-	-	-	-	-	-	-	-	-	-	-	2,000	2,000	-
World Trade Organization	-	-	-	-	-	-	-	-	-	-	-	-	1,000	1,000	-
Total Global	552,300	262,671	64,000	42,300	-	3,500	147,750	225,750	243,150	210,600	-	-	7,091,575	8,843,596	752,111

Country/Account Summaries ('Spigots')
FY 2005
(\$ in thousands)

Countries/Accounts	CSH	DA	ESF	FMF	FSA	IMET	INCLE/ ACI	MRA	NADR	Peace Corps	PKO	SEED	Other	Total	P.L.480
Total FY 2005	1,420,000	1,329,000	2,520,000	4,957,500	550,000	89,730	1,089,820	729,789	415,200	401,000	104,000	410,000	7,315,291	21,331,330	1,185,000

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