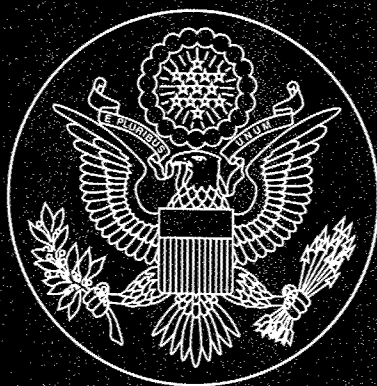


The Secretary of State



Congressional Budget Justification  
**FOREIGN OPERATIONS**

Fiscal Year 2004

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Congressional Budget Justification  
**FOREIGN OPERATIONS**



Fiscal Year 2004

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# INTRODUCTION

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**NOTE:** The Congressional Budget Justification is now available on the Department of States' Web site at [www.state.gov](http://www.state.gov) (type "Congressional Budget Justification" in the search box) and can be downloaded in hard copy format. In order to comply with the paperwork reduction act of 1995 (P.L. 104-13, Section 3501.(2), (5) AND (10)) this is the final hard copy distribution.

Should you have any questions the DSCA point of contact is Ms. Marge Webb, telephone (703) 601-3741, email: [margaret.webb@dscamil](mailto:margaret.webb@dscamil)

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## **NOTE ON CONGRESSIONAL BUDGET JUSTIFICATION**

This Congressional Budget Justification presents and justifies the President's FY 2004 request for Foreign Operations. The introductory section of the document provides budget tables that summarize and detail the overall Foreign Operations request.

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

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

The FY 2004 Congressional Budget Justification for Foreign Operations is also available electronically on the website of the Department of State ([www.state.gov](http://www.state.gov)).

**FY 2004 Foreign Operations Request- Summary**  
(\$ in millions)

Budget Authority	FY 2002* Actual	FY 2003 Request	FY 2004 Request
<b>FOREIGN OPERATIONS</b>	<b>17,966</b>	<b>16,462</b>	<b>18,817</b>
Export-Import Bank (net)	765	597	-36
Overseas Private Investment Corporation (net)	-221	-227	-198
Trade and Development Agency	50	45	60
Child Survival & Health Programs Fund (CSH)	1,468	-	1,495
Global Fund to Fight AIDS, Tuberculosis, & Malaria	[100]	[100]	[100]
Development Assistance (DA)	1,178	2,840	1,345
International Disaster Assistance	422	286	236
Transition Initiatives	50	55	55
Development Credit Program	8	8	8
USAID Operating Expenses (OE)	571	572	604
USAID Capital Investment Fund	-	95	146
USAID Inspector General	32	33	35
Economic Support Fund (ESF)	3,289	2,490	2,535
Assistance for Eastern Europe and the Baltic States (SEED)	621	495	435
Assistance for the Independent States (FSA)	958	755	576
Peace Corps	279	317	359
Inter-American Foundation	13	14	15
African Development Foundation	17	17	18
Millennium Challenge Account	-	-	1,300
International Narcotics Control and Law Enforcement (INCLE)	384	197	285
Andean Counterdrug Initiative (ACI)	645	731	731
Migration and Refugee Assistance (MRA)	805	705	760
Emergency Refugee & Migration Assistance (ERMA)	15	15	40
Nonproliferation, Anti-Terrorism, Demining, and Related Programs (NADR)	535	372	385
Treasury Technical Assistance	10	10	14
Debt Restructuring	229	-	395
U.S. Emergency Fund for Complex Foreign Crises	-	-	100
Emergency Plan for AIDS Relief	-	-	450
Famine Fund	-	-	200
International Military Education & Training (IMET)	70	80	92
Foreign Military Financing (FMF)	4,052	4,107	4,414
Peacekeeping Operations (PKO)	375	108	95
International Financial Institutions	1,175	1,437	1,555
International Financial Institutions Arrears	[-]	[178]	[196]
International Organizations & Programs (IO&P)	175	310	315

\* FY 2002 includes \$2.7 billion in supplemental funding.



**FY 2004 Foreign Operations Request - Detail**  
(\$ in thousands)

Appropriations	FY 2002 * Actual	FY 2003 Request	FY 2004 Request
<b>FOREIGN OPERATIONS</b>	<b>17,966,648</b>	<b>16,462,413</b>	<b>18,817,324</b>
<b>Title I - Export and Investment Assistance</b>	594,347	414,124	(174,425)
<u>Export-Import Bank</u>			
Export-Import Bank - Loan Subsidy	727,323	541,400	-
Export-Import Bank - Administrative Expenses	63,000	68,327	76,575
Export-Import Bank - Direct Loans, Negative Subsidies	(25,000)	(13,000)	(113,000)
Subtotal, Export-Import Bank	765,323	596,727	(36,425)
<u>Overseas Private Investment Corporation</u>			
Administrative Expenses for Credit & Insurance Programs	38,608	39,885	42,385
Net Offsetting Collections	(259,608)	(291,000)	(264,385)
Credit Funding - Direct & Guaranteed Loan Subsidies	-	24,000	24,000
Subtotal, Overseas Private Investment Corporation	(221,000)	(227,115)	(198,000)
Trade and Development Agency	50,024	44,512	60,000
<b>Title II - Bilateral Economic Assistance</b>	11,525,749	10,005,342	12,521,721
<u>U.S. Agency for International Development</u>	3,727,000	3,887,400	3,923,900
Child Survival & Health Programs Fund (CSH)	1,467,500	-	1,495,000
Global Fund to Fight AIDS, Tuberculosis, & Malaria	[100,000]	[100,000]	[100,000]
Development Assistance (DA)	1,178,000	2,839,500	1,345,000
International Disaster Assistance	421,500	285,500	235,500
Transition Initiatives	50,000	55,000	55,000
Development Credit Program Subsidy - By Transfer	[18,500]	-	[21,000]
Development Credit Program Subsidy - Appropriation	1,497	-	-
Development Credit Program Administrative Expenses	7,500	7,500	8,000
USAID Operating Expenses	571,000	572,200	604,100
USAID Capital Investment Fund	-	95,000	146,300
USAID Inspector General Operating Expenses	31,500	32,700	35,000
<u>Other Bilateral Economic Assistance</u>	4,868,000	3,740,000	3,546,000
Economic Support Fund (ESF) - with Fund for Ireland	3,289,000	2,490,000	2,535,000
Ass't for Eastern Europe and the Baltic States (SEED)	621,000	495,000	435,000
Assistance for the Independent States (FSA)	958,000	755,000	576,000
<u>Independent Agency</u>	308,549	347,542	1,691,874
Peace Corps	278,900	317,000	359,000
Inter-American Foundation	13,107	14,000	15,185
African Development Foundation	16,542	16,542	17,689
Millennium Challenge Account	-	-	1,300,000

**FY 2004 Foreign Operations Request - Detail**  
(\$ in thousands)

Appropriations	FY 2002 * Actual	FY 2003 Request	FY 2004 Request
<u>State Department</u>	2,383,700	2,020,400	2,200,947
Int'l Narcotics Control and Law Enforcement (INCLE)	384,000	197,000	284,550
Andean Counterdrug Initiative (ACI)	645,000	731,000	731,000
Migration and Refugee Assistance (MRA)	805,000	705,000	760,197
U.S. Emerg. Refugee and Migration Ass't Fund (ERMA)	15,000	15,000	40,000
Nonproliferation, Anti-terrorism, Demining (NADR)	534,700	372,400	385,200
<u>Department of the Treasury</u>	238,500	10,000	409,000
Treasury Technical Assistance	9,500	10,000	14,000
Debt Restructuring	229,000	-	395,000
U.S. Emergency Fund for Complex Foreign Contingencies	-	-	100,000
Emergency Plan for AIDS Relief	-	-	450,000
Famine Fund	-	-	200,000
<b>Title III - Military Assistance</b>	4,497,256	4,295,450	4,600,600
International Military Education and Training (IMET)	70,000	80,000	91,700
Foreign Military Financing (FMF)	4,052,256	4,107,200	4,414,000
Peacekeeping Operations (PKO)	375,000	108,250	94,900
<b>Title IV - Multilateral Economic Assistance</b>	1,349,296	1,747,497	1,869,428
<u>International Financial Institutions</u>	1,174,796	1,437,097	1,554,878
Global Environment Facility	100,500	177,813	184,997
International Development Association	792,400	874,338	976,825
Multilateral Investment Guarantee Agency	5,000	3,631	4,002
Asian Development Fund	98,017	147,386	151,921
African Development Fund	100,000	118,073	118,081
African Development Bank	5,100	5,104	5,105
European Bank for Reconstruction & Development	35,779	35,805	35,431
Inter-American Development Bank Multilateral Investment Fund	-	29,591	32,614
Inter-American Investment Corporation	18,000	30,352	30,898
International Fund for Agricultural Development	20,000	15,004	15,004
International Financial Institutions Arrears	[-]	[177,718]	[195,874]
International Organizations & Programs (IO&P)	174,500	310,400	314,550

\* FY 2002 includes \$2.7 billion in supplemental funding.

# 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 2002 Actual	FY 2003 Request	FY 2004 Request
EXIM-Admin	63,000	68,327	76,575
EXIM-Dir Loan	(25,000)	(13,000)	(113,000)
EXIM-Loan Act	727,323	541,400	0

The Export-Import Bank of the United States (Ex-Im Bank) is an independent corporate agency of the United States that was first organized as a District of Columbia banking corporation in 1934. Continuation of Ex-Im Bank as an independent corporate agency of the United States is subject to periodic extensions granted by Congress. Congressional authorization has been extended through September 30, 2006. For FY 2003, the re-authorization increased Ex-Im Bank's overall limit on loans, guarantees, and insurance that can be outstanding at any one time from \$80 billion to \$85 billion. The limit increases by an additional \$5 billion each year through FY 2006. In addition, the re-authorization created an Inspector General for the Ex-Im Bank.

The purpose of Ex-Im Bank, as stated in the Export-Import Bank Act, as amended, is to facilitate U.S. exports by providing competitive export financing to U.S. exporters that are facing foreign competition for an export sale where the foreign competitor is offering officially supported financing and by providing export financing where the private market is unwilling or unable to offer this financing. All credits approved by Ex-Im Bank must meet the standard of reasonable assurance of repayment. By providing such financing, Ex-Im Bank is helping U.S. exporters to maintain or create U.S. jobs.

In pursuit of its mission of maximizing support for U.S. exports Ex-Im Bank offers four financial products: loans, guarantees, working capital guarantees, and insurance. All Ex-Im Bank guarantees carry the full faith and credit of the U.S. government.

Ex-Im Bank offers fixed-rate loans directly to foreign buyers of U.S. goods and services. Ex-Im Bank extends to a company's foreign customer a fixed-rate loan covering up to 85% of the U.S. export value. The buyer must make a cash payment to the U.S. exporter of at least 15% of the U.S. contract value.

Ex-Im Bank guarantees cover the repayment risks on the foreign buyer's debt obligations. Ex-Im Bank guarantees to a lender that, in the event of a payment default by the borrower, it will repay to the lender the outstanding principal and interest on the loan. Ex-Im Bank's comprehensive guarantee covers 100% of the commercial and political risks for 85% of the U.S. contract value.

Under the Working Capital Guarantee program, Ex-Im Bank provides repayment guarantees to lenders on secured, short-term working capital loans made to qualified exporters. The guarantee may be approved for a single loan or a revolving line of credit. Ex-Im Bank's guarantee protects the lender from default by the exporter for 90% of the principal of the loan and interest.

Ex-Im Bank's export credit insurance program helps U.S. exporters sell their goods overseas by protecting them against the risk of foreign buyer or other foreign debtor default for political or commercial reasons, allowing them to extend credit to their international customers. Insurance policies may apply to shipments to one buyer or many buyers, insure comprehensive (commercial and political) credit risks or only specific political risks, or cover short-term or medium-term sales.

Ex-Im Bank's operations subsequent to September 30, 1991, are subject to the provisions of the Federal Credit Reform Act of 1990 (P.L. 101-508). The Federal Credit Reform Act requires U.S. government credit programs to estimate the subsidy cost of their credit program and to seek an appropriation from Congress to cover that cost. Loans and guarantees may not be committed unless sufficient appropriations are available to cover the calculated subsidy cost.

In FY 2002, Ex-Im Bank supported \$12.9 billion in exports under the Loan, Guarantee, Insurance and Working Capital programs. The Bank used approximately \$740 million in appropriated subsidy to support this level of exports.

The FY 2004 Program Budget Request forecasts an annual authorization of \$14.6 billion requiring approximately \$460 million in appropriated program budget. This authorization level is comprised of direct loan authorizations are estimated to be \$272 million with a program budget usage of \$1.6million, and guarantee and insurance authorizations estimated to be \$14,320million with program usage of \$441 million. In addition, it is estimated that Tied Aid authorizations will be \$50million, using \$16.5 million of program budget from the Tied Aid War Chest fund.

The Ex-Im Bank is requesting no new program budget funds in FY 2004. Congress appropriates program budget funds that are available for four years and Ex-Im Bank projects sufficient carryover funds into FY 2004 to support fully the total authorization level without any new appropriation.

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

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



**Overseas Private Investment Corporation**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
OPIC-Admin	38,608	39,885	42,385
OPIC-CF	0	24,000	24,000
OPIC-NOC	(259,608)	(291,000)	(264,385)

The Overseas Private Investment Corporation (OPIC) contributes to U.S. strategic economic goals by promoting U.S. private investment in developing and transitional economies, thereby stimulating economic growth. OPIC's political risk insurance and financing help U.S. businesses of all sizes invest in 150 emerging markets and developing nations worldwide. The agency makes developmental projects possible by bridging gaps when sufficient financing and political risk insurance are not available from the private sector, by leveraging resources so that additional private sector and multilateral institution dollars are attracted to the projects, and by using its unique position to mitigate project risk.

In fulfilling its mission to mobilize and facilitate the participation of U.S. private capital in economic development, OPIC places emphasis on countries and sectors that have been identified as development and foreign policy priorities. Based on these priorities, in FY 2004 OPIC will place special emphasis on the following areas:

- Small business
- Russia and Central Asia (including Afghanistan and Pakistan)
- Sub-Saharan Africa
- Mexico
- Housing

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

Ultimately, good corporate citizenship is a long-term risk mitigation strategy that serves OPIC, the investor, and the host country equally well. An example of the good corporate citizenship practices of an OPIC-supported project is a flour mill in Haiti that was privatized in 1998 and became fully operational in 1999. The production from the flour mill has virtually replaced all of the country's flour imports. The mill provides employment for 300 people and on occasion hires up to 120 additional temporary workers. In addition, the power generator from the mill supplies electricity to the neighboring town, free of charge. The mill plans to subsidize road repairs in the area, heavily supports local schools, and has even hired a veterinarian to service the animal husbandry of its clients. Far from being an exception, the civic involvement of the mill is fairly typical of the efforts made by larger OPIC-supported projects in their host communities.

Since 1971, OPIC has supported more than 3,100 projects throughout the developing world. As of September 30, 2002, OPIC managed a portfolio of 130 active finance projects and 228 active insurance contracts. Examples of OPIC's support for developmental projects in FY 2002 include providing financing for water projects in Ghana and Mexico, agriculture in Ecuador, a medical testing facility in Ethiopia, a low income housing project in South Africa, and tourism development in Thailand and Mongolia, among other projects. Additionally, in FY 2002 OPIC provided political risk insurance to developmental projects in Chad, El Salvador, Georgia, Kenya, Nigeria, Pakistan, Russia, Togo, and Turkey, among other locations. Project activities supported by OPIC are diverse and include manufacturing plants, communications operations, gas pipelines, power plants, financial services institutions, mining operations, tourism/hotel projects, and agricultural operations.

Over the agency's 32-year history, OPIC has supported \$142 billion worth of investments that have helped developing countries generate over \$11 billion in host-government revenues and create approximately 673,000 host-country jobs. OPIC's projects have also generated \$64 billion in U.S. exports and supported over 250,000 American jobs. The 45 new insurance and finance projects OPIC supported in FY 2002 are expected to provide significant benefits for U.S. exports, balance of payments, and employment. During the first five years of operation, the projects will generate an estimated 5,596 person-years of direct and indirect employment for U.S. workers, equivalent to approximately 1,119 U.S. jobs. American firms will supply a substantial portion of the initial procurement for OPIC's projects, resulting in U.S. exports of capital goods and services of approximately \$464 million during the next five years.

In FY 2004, supporting small business will remain an OPIC priority. OPIC's authorizing legislation directs the agency to pay special attention to the needs of American small businesses (Foreign Assistance Act of 1961, as amended, Title IV, Sec. 231 (e)). OPIC has made significant progress in this area during the last year. An important milestone was reached late in FY 2002, when OPIC and the Small Business Administration (SBA) reached a Memorandum of Understanding that will advance both their missions. With SBA's active participation, OPIC is looking forward to reaching out to many American small businesses that might otherwise have not been aware of OPIC's products and services. To measure the results of its new partnership with SBA, OPIC will track the number of small business deals that come to the agency via contact with SBA. OPIC's focus on small business has already paid off with over 60 % of FY 2002 transactions being small business deals. In FY 2003 and FY 2004, OPIC anticipates that its new relationship with SBA will begin to bear fruit, and additional time and resources will be devoted to these deals.

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. Equally important, the initiative fits extremely well into the U.S. government's Monterrey Initiative, as announced by President Bush. Countries that adopt principles of sound governance are the countries most ready for increased private sector funding for their housing programs. OPIC's ability to assist and support the U.S. private sector in responding to these housing needs is critical. OPIC's participation helps bring the full level of U.S. technology, management skills, and the capabilities of the capital markets to the overseas housing construction and finance markets, thereby promoting effective housing programs in the developing markets. OPIC also recently hired a director to oversee the agency's housing activities and to reemphasize housing as a priority area of OPIC activity. By FY 2004, OPIC hopes to have several highly developmental housing projects in its pipeline.

OPIC contributes to these important U.S. goals at home and abroad while operating on a self-sustaining basis, at no net cost to the American taxpayer. OPIC does not get direct appropriations, but instead receives

authority to spend its own earnings. These earnings are also the basis for OPIC's contribution (in the form of net negative budget authority) to the International Affairs budget. For FY2004, this contribution is estimated to be \$198 million.

To continue this self-sustaining approach to government in FY 2004, OPIC requests the authority to spend \$42.4 million of its revenues for administrative expenses. The total includes \$40.4 million for baseline administrative needs and \$2 million for important information technology (IT) improvements. In addition, in FY 2004 OPIC requests \$24 million in credit funding to support an estimated \$800 million of direct loans and loan guarantees. The \$24 million credit funding request is the same as requested in the FY 2003 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.

**Trade and Development Agency**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
TDA	50,024	44,512	60,000

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 is unique in that it is flexible and can respond quickly to requests for foreign assistance and infrastructure planning and is at the front end of trade liberalization. As a result, TDA is one of the first agencies to enter new markets and to provide assistance to priority countries. TDA makes the host country an integral part of identifying key development needs. The agency is able to use its tools to select and mold a plan in order to meet the host countries specific developmental objectives.

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

TDA's strategic use of foreign assistance funds to support sound investment policy and decision-making in host countries creates an enabling environment for trade, investment and sustainable economic development. Operating at the nexus of foreign policy and commerce, TDA is uniquely positioned to work with U.S. firms and host countries in achieving the agency's trade and development goals. In carrying out its mission, TDA gives emphasis to economic sectors that may benefit from U.S. exports of goods and services.

The proposed FY 2004 budget will allow TDA to focus on the following priorities:

- Maintain the ability and flexibility to promote U.S private sector participation in developing and emerging countries, with special emphasis on economic sectors that represent significant U.S. developmental priorities, export potential and/or policy impact.
- Maintain current program activity while pursuing new opportunities in countries such as Afghanistan and the Frontline States, Africa and China.
- Leverage core competencies to invoke an immediate response to new developments in a rapidly changing national security environment. TDA is actively engaged in transportation security projects such as the Secure Trade in the APEC Region (STAR) Initiative where the agency will work to provide assistance to help plan and develop model port projects.
- Provide policy support for U.S. Government initiatives by funding projects and technical assistance related to the implementation of international trade and development initiatives like the African Growth and Opportunity Act (AGOA), the U.S.-Mexico Partnership for Prosperity (P4P), the STAR Initiative, and various free trade agreements.

TDA is able to work effectively with other U.S. Government agencies to bring their particular expertise and resources to a development objective, including the U.S. Trade Representative, the Departments of Transportation (including the Federal Aviation Administration), Commerce, State, Treasury (including the U.S. Customs Service), Energy and Agriculture.

# BILATERAL ECONOMIC ASSISTANCE

United States Agency for International Development  
Other Bilateral Economic Assistance  
Independent Agency  
Department of State  
Department of the Treasury  
Complex Foreign Contingencies  
Emergency Plan for AIDS Relief  
Famine Fund

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# UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT

Program Overview  
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Child Survival and Health Programs Fund  
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Transition Initiatives  
Development Credit Program  
USAID Operating Expenses  
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USAID Office of the Inspector General

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

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
USAID	3,519,000	3,887,400	3,923,900
USAID-ERF	161,000	0	0
USAID-SUP	47,000	0	0

Today more than ever, U.S. foreign policy toward the developing world plays a vital role in the global balance between conflict and peace. U.S. national security challenges are increasingly complex and the role of development is recognized as pivotal. This is reflected in President Bush's National Security Strategy of the United States, issued on September 17, 2002, which for the first time elevated development as the third component of U.S. national security, alongside defense and diplomacy.

As development challenges are evolving in the new, global environment, the U.S. Agency for International Development (USAID) is moving in new directions to meet these challenges. USAID is in a period of significant reorientation and reform, seizing upon the opportunity to build on its previous successes and provide international development assistance in line with changing U.S. national interests, foreign policy objectives, and values.

The FY 2004 budget request reflects the Administration's new focus and impetus to the role of foreign assistance in enhancing our national security and promoting a sound economic development agenda. USAID, through its programs and staff in developing and transition countries, will strengthen U.S. leadership in the provision of hope and opportunity for people in the developing world by:

- Driving economic and private sector growth by encouraging economic freedom, integration into global markets, and technology transfer, particularly in the agricultural sector, and promoting education and sustainable management of the world's natural resources.
- Improving people's health, especially by addressing the devastating effects of HIV/AIDS and other infectious diseases.
- Promoting democratic governance, and reducing the sources of conflict.
- Responding to international disasters and delivering humanitarian assistance to countries facing crises.
- Mobilizing private sources of foreign aid.

**Program Pillars and Priorities**

USAID structures its program around three pillars to better concentrate, focus, and manage its technical capability and knowledge: (1) Economic Growth, Agriculture, and Trade, including the important sectors of the environment and education; (2) Global Health, including child survival and maternal health, HIV/AIDS, infectious diseases, family planning and reproductive health; and (3) Democracy, Conflict, and Humanitarian Assistance.

The FY 2004 budget request addresses priority issues within these pillars. USAID has requested increased funding to promote trade and investment, notably the Trade for African Development (TRADE) Initiative, and support for the Central America Free Trade Agreement (CAFTA), while continuing programs in micro-

enterprise and small business development worldwide. USAID will increase attention to agriculture as an important contributor to economic growth and trade, especially in Latin America and Africa. Particular emphasis is given to an initiative Cut Hunger in Africa. The request includes funding for four environmental initiatives--Water for the Poor, Clean Energy, Congo Basin Forest Partnership, and Global Climate Change as well as ongoing programs aimed at sustaining natural resource management, forestry, reducing illegal logging, and minimizing pollution. USAID will continue efforts in supporting elections, political party development, rule of law, security, anti-corruption, human rights, and conflict prevention. Health activities will focus on infectious diseases programs, especially HIV/AIDS, the President's Mother-and-Child HIV Prevention Initiative, and the USAID contribution to the Global Fund to Fight AIDS, Tuberculosis, and Malaria. Education will remain an Agency priority with increased funding and a focus on basic education in Africa, Latin America, and in selected front line states of South Asia and the Near East. Finally, USAID plans to increase support to the Afghan people as they rebuild their country and to support other front line states, including expanded programs in Central Asia, Pakistan, and Sudan.

The FY 2004 overall request for USAID's directly managed programs totals \$5.074 billion, including; Development Assistance, Child Survival and Health, International Disaster Assistance, Transition Initiatives, Operating Expenses, Capital Investment Fund, Development Credit Program's administrative expenses, and \$1.185 billion in P.L. 480 Title II food aid (which falls under the Subcommittee on Agriculture and is appropriated through the U.S. Department of Agriculture and managed by USAID). These figures exclude funding for programs jointly 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).

#### Economic Growth, Agriculture, and Trade (EGAT)

The FY 2004 request for USAID's Economic Growth, Agriculture, and Trade pillar is \$1.133 billion in Development Assistance (DA) funds.

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 nine presidential initiatives in trade and investment, agriculture, education, and environment. USAID will rebuild agricultural programs worldwide to pursue programs that reduce hunger and provide for technology transfers, including biotechnology. Increased funding for basic education, higher education, and training will continue to improve the skills of both the labor force and the population as a whole. 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 (\$315.7 million) will promote traded growth and development, in particular through support for CAFTA and the TRADE Initiative. Agriculture (\$268.5 million), including increased funding in Africa, will focus on helping reduce hunger and foster trade and growth. Education (\$262 million), will provide increased funding for basic education and support continuing programs in higher education, training, and adult literacy. Environment (\$286 million) programs will 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 2004 request for the Global Health pillar is \$1.495 billion in Child Survival and Health Programs Funds.

Investing in the health of the world's population contributes to global economic growth, reduction of poverty, a sustainable environment, and regional security. USAID is recognized as a world leader in global health, including child survival and maternal health, HIV/AIDS, infectious diseases and family planning/reproductive health. 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 resource request will focus on evolving health issues, especially HIV/AIDS. Global Health will also support public-private health partnerships such as the Global Fund for AIDS, Tuberculosis, and Malaria; International AIDS Vaccine Initiative; Global Alliance for Vaccines and Immunization, and UNAIDS. In addition, where performance indicators are strong, USAID will continue supporting health, nutrition, infectious diseases, and family planning programs.

The Global Health request for HIV/AIDS is \$750 million, including \$150 million for the President's Mother and Child HIV Prevention Initiative, and will focus on priority countries in sub-Saharan Africa, the Caribbean Basin, and South Asia. (e.g., India, Indonesia, and Cambodia). Also included is the \$100 million USG contribution to the Global Fund for AIDS, Tuberculosis, and Malaria.

The remaining \$745 million is proposed for child survival and maternal health, family planning and reproductive health, programs for vulnerable children, and 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, focusing on sub-Saharan Africa, the Caribbean Basin, and South Asia.

## Democracy, Conflict, and Humanitarian Assistance

The FY 2004 request for USAID's Democracy, Conflict, and Humanitarian Assistance pillar which totals \$1.688 billion, is comprised of \$212 million DA, \$236 million International Disaster Assistance (IDA), \$55 million Transition Initiatives (TI), and \$1.185 billion P.L. 480 Title II food aid.

Over the past quarter-century, democracy has become the world's most common form of government. Of the world's 200 countries in 2001, 124 were democracies -- the highest number ever. But beneath this expansion of democracy is growing disenchantment with political leaders seen by their people as corrupt, self-serving, and unable or unwilling to address economic and social problems. In many developing and post communist countries, people are losing confidence not just in elected officials but also in democratic institutions. Promoting democratic governance is a high priority in U.S. foreign aid. Democracy and good governance are required to spur development and reduce poverty in poorly performing countries. It is also vital to U.S. national security.

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

International Disaster Assistance (\$236 million) supports emergency relief and transitional activities in response to natural and man-made disasters that are often accompanied by displacement of large numbers

of people. These include health interventions, agriculture and food security, nutrition, and water and sanitation, targeting drought-affected populations in Ethiopia and Southern Africa, among others.

Transition Initiatives (\$55 million) funds programs to meet challenges in conflict-prone countries and those making the recovery from crisis. TI programs often bridge the gap between emergency humanitarian assistance and longer-term development.

Development Assistance (\$212 million) funds programs for democracy and local governance, conflict, and human rights. The FY 2004 request includes funds for elections, political party assistance, rule of law, security, anti-corruption, human rights, and conflict prevention programs, with a focus on combating terrorism in Central and South Asia.

### Global Development Alliance

U.S. development assistance is generally measured solely as the official assistance that the government provides through USAID, Peace Corps, multilateral institutions, and programs sponsored by the State Department and Department of Defense. But many nongovernmental sources also provide foreign aid: foundations, corporations, private and voluntary organizations, colleges and universities, religious organizations, and individuals. In fact, private sources of foreign aid provide nearly \$33.6 billion a year, or three times the official U.S. assistance figure. With private assistance predominating, USAID must develop stronger partnerships with the full array of private sources.

The Global Development Alliance (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 with the resources and capabilities of other prominent actors.

FY 2004 represents the third year of existence for GDA, and its principles have become integrated into USAID strategies and practices. As a result, GDA is no longer a separate budget item and the \$15 million requested will be programmed under EGAT pillar programs.

### Meeting the Management Challenge

USAID is committed to improving the way it does business to ensure that it stays at the forefront of development in this new era. To accomplish this, USAID is requesting an increase in Operating Expenses (OE) to cover administrative costs associated with managing \$7.8 billion in programs worldwide. OE funding increase will also support opening and maintaining new Missions in Afghanistan and Pakistan, hiring additional HIV/AIDS specialists, and covering the cost of increased security needs worldwide.

USAID is addressing the President's Management Agenda, having implemented improvements in the Agency's internal management practices and creating simpler, more efficient personnel, finance, procurement, information, and administrative systems. The FY 2004 budget request was developed using USAID's new strategic budgeting model, which allocates resources on the basis of country need, program performance, and country commitment to key criteria such as economic freedom, investment in people, and ruling justly. USAID will continue development of the strategic budgeting model during FY 2004 and plans to fully implement the new strategic budgeting system by FY 2005. USAID is focused on performance-based management to ensure that every tax dollar will be spent wisely, leveraging the Agency's funds to help build local capacity and attract private investment.

USAID must have adequate security to safeguard employees frequently working in difficult situations, and especially in locations that are high threat.

In addition to managing the accounts and programs discussed below in this section, USAID manages programs under other accounts jointly administered with the State Department. Those accounts--Economic Support Fund, Assistance for Eastern Europe and the Baltic States, and Assistance for the Independent States of the Former Soviet Union--address most of the same objectives noted above.

**Development Assistance**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
DA	1,178,000	1,365,533	1,345,000

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. The keys to sustainable economic growth are trade, investment, and governance. This request ensures that investments in agriculture, education, environment, health, and democracy support sustainable economic growth. The Administration's FY 2004 DA request includes funding for two of the three program pillars, plus a limited amount for the Global Development Alliance.

The DA request for the Economic Growth, Agriculture, and Trade (EGAT) pillar is \$1.133 billion:

- Agriculture (\$269 million) programs will rebuild agricultural capability in developing countries, especially sub-Saharan Africa and South Asia. Programs will focus on promotion of sustainable agriculture, reducing hunger, and providing for technology transfers, including biotechnology.
- 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.
- Education programs (\$262 million) include \$212 million for basic education programs that will strengthen pre-primary, primary, secondary education, and teacher training. Efforts are focused primarily in Africa and Latin America, but also include targeted work in South Asia and the Near East. DA will also fund programs for higher education, training, and adult literacy (\$51 million).
- Environmental programs (\$286 million) will reduce the threat of global climate change, conserve biological diversity, promote sound management of natural resources including forest, reduce illegal logging, provide access to clean water and sanitation, promote sustainable urbanization and pollution control, and increase renewable and clean energy services.

The DA request for the Democracy, Conflict, and Humanitarian Assistance (DCHA) pillar is \$212 million:

- This request is based on the understanding that democratic governments are more likely to observe international laws and pursue policies that reduce poverty and terrorism.
- Program focus is on conflict prevention, democracy, and local governance by strengthening the rule of law and respect for human rights, encouraging credible and competitive political processes, promoting the development of a politically active civil society, and making government institutions more transparent and accountable. USAID will continue the integration of democracy programs with new approaches in dealing with conflict resolution, including programs that address the economic causes of conflict.
- In addition to this DA request, the FY 2004 request for the DCHA pillar includes \$236 million in International Disaster Assistance (IDA), \$55 million in Transition Initiatives (TI), and \$1.185 billion in P.L. 480 Title II funding.

**Development Assistance**  
(\$ in thousands)

	<b>FY 2002 Actual</b>	<b>FY 2003 Request</b>	<b>FY 2004 Request</b>
<b>Africa</b>			
Angola	5,118	2,750	2,500
Benin	8,982	7,923	6,892
Burundi	4,200	3,500	1,800
Democratic Republic of Congo	4,773	10,024	6,082
Eritrea	5,558	4,619	840
Ethiopia	20,200	18,104	15,438
Ghana	15,963	18,688	14,575
Guinea	15,442	15,765	11,095
Kenya	13,547	13,280	3,776
Liberia	3,725	3,100	1,100
Madagascar	10,540	9,785	10,945
Malawi	13,829	13,397	10,555
Mali	21,688	21,340	17,027
Mozambique	22,438	23,692	16,061
Namibia	8,183	5,080	4,932
Nigeria	21,968	23,879	12,639
Rwanda	6,402	6,023	4,810
Senegal	13,950	13,618	12,209
Sierra Leone	6,413	3,400	3,727
Somalia	2,267	2,700	965
South Africa	37,304	36,278	27,457
Sudan	10,631	22,000	49,613
Tanzania	8,108	10,446	3,227
Uganda	24,724	24,385	20,273
Zambia	14,822	12,881	9,632
Zimbabwe	2,512	1,885	746
Africa Regional	63,660	102,646	64,976
Agriculture Initiative	5,000	20,000	43,000
Anti-Corruption Initiative	300	7,500	6,000
Congo Basin Forest Partnership	-	-	15,000
Education for Development and Democracy	5,000	-	-
Education Initiative	10,000	22,000	50,000
REDSO/ESA	15,859	13,163	7,404
Regional Center for South Africa	20,117	24,731	12,771
Trade Initiative	-	15,000	25,000
West Africa Regional	10,773	8,018	5,878
<b>Subtotal - Africa</b>	<b>453,996</b>	<b>541,600</b>	<b>498,945</b>

**Development Assistance**  
(\$ in thousands)

	<b>FY 2002 Actual</b>	<b>FY 2003 Request</b>	<b>FY 2004 Request</b>
<b>East Asia and the Pacific</b>			
Cambodia	-	-	2,000
Indonesia	38,704	38,704	31,691
Laos	1,000	1,000	-
Philippines	24,459	26,609	23,068
Thailand	750	2,250	750
Vietnam	6,950	8,450	4,000
<b>Subtotal - East Asia and the Pacific</b>	<b>71,863</b>	<b>77,013</b>	<b>61,509</b>
<b>International Organizations</b>			
International Organizations/Partnerships	7,500	5,000	-
<b>Subtotal - International Organizations</b>	<b>7,500</b>	<b>5,000</b>	<b>-</b>
<b>Near East</b>			
Lebanon	600	500	500
Morocco	5,766	6,713	5,400
<b>Subtotal - Near East</b>	<b>6,366</b>	<b>7,213</b>	<b>5,900</b>
<b>South Asia</b>			
Afghanistan	10,701	-	150,000
Bangladesh	21,670	24,720	18,850
India	29,200	34,400	27,100
Nepal	7,597	11,247	14,311
Pakistan	10,000	37,500	50,000
Sri Lanka	5,150	5,750	5,000
<b>Subtotal - South Asia</b>	<b>84,318</b>	<b>113,617</b>	<b>265,261</b>
<b>Western Hemisphere</b>			
Bolivia	12,853	12,230	11,380
Brazil	4,799	6,680	8,222
Dominican Republic	6,450	8,000	10,600
Ecuador	6,840	7,130	7,130
El Salvador	45,640	24,096	28,712
Guatemala	12,320	14,960	10,700
Guyana	3,100	2,180	2,750
Haiti	250	11,000	7,150
Honduras	15,430	22,530	22,226
Jamaica	9,471	13,710	13,060
Mexico	7,715	12,165	12,265
Nicaragua	16,602	19,730	24,152
Panama	4,500	7,000	5,750



**Development Assistance**  
(\$ in thousands)

	<b>FY 2002 Actual</b>	<b>FY 2003 Request</b>	<b>FY 2004 Request</b>
Paraguay	3,600	4,600	4,000
Peru	14,969	18,870	15,316
Caribbean Regional	-	10,000	3,480
Central American Regional	15,792	20,142	17,231
LAC Regional	39,910	53,462	38,338
South American Regional	-	-	2,400
<b>Subtotal - Western Hemisphere</b>	<b>220,241</b>	<b>268,485</b>	<b>244,862</b>
<b>Global</b>			
Democracy, Conflict & Humanitarian Assistance	66,269	76,300	69,452
Economic Growth, Agriculture and Trade	182,297	154,800	149,703
Global Development Alliance	20,000	30,000	15,000
Global Health	3,714	3,800	-
Legislative and Public Affairs	-	-	2,000
Policy Initiatives	8,437	25,000	-
Asia-Near East Regional	46,769	55,305	26,218
Program & Policy Coordination	6,230	7,400	6,150
<b>Subtotal - Global</b>	<b>333,716</b>	<b>352,605</b>	<b>268,523</b>
<b>Total</b>	<b>1,178,000</b>	<b>1,365,533</b>	<b>1,345,000</b>

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

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
CSH	1,467,500	1,473,967	1,495,000

For FY 2004, the Administration is requesting funding for the Child Survival and Health Programs Fund (CSH) which provides resources for the Global Health pillar. CSH funding supports 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.

HIV/AIDS programs (\$750 million) focus on prevention, care, and treatment efforts, and the support of children affected by AIDS. This includes \$150 million for the President's International Mother and Child HIV Prevention Initiative, which seeks to prevent the transmission of HIV/AIDS from mothers to infants, and to improve healthcare delivery systems in Africa and the Caribbean. Also included is \$100 million of the USG contribution for the Global Fund for AIDS, Tuberculosis, and Malaria.

Child survival and maternal health programs (\$285 million) reduce the number of deaths in children under five and save the lives of women in childbirth. Programs address immunizations, pneumonia and diarrhea prevention and treatment, polio eradication, micronutrient deficiencies, safe birthing and antenatal care, nutrition, breastfeeding, and the USG contribution to the Vaccine Fund.

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.

Other infectious diseases (\$104 million) programs support the prevention and control of tuberculosis and malaria, combat anti-microbial resistance, and improve disease surveillance and response capabilities.

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).

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

	<b>FY 2002 Actual</b>	<b>FY 2003 Request</b>	<b>FY 2004 Request</b>
<b>Africa</b>			
Angola	6,056	5,400	11,200
Benin	7,743	6,343	7,529
Burundi	400	500	2,500
Democratic Republic of Congo	21,178	13,476	18,086
Eritrea	5,350	5,400	5,400
Ethiopia	23,057	31,950	37,168
Ghana	18,655	20,055	22,220
Guinea	6,700	7,160	6,659
Kenya	27,563	33,413	38,513
Liberia	1,600	2,100	2,045
Madagascar	8,725	8,493	8,915
Malawi	15,540	17,480	21,919
Mali	14,488	13,288	12,659
Mozambique	17,677	21,800	24,200
Namibia	1,850	1,900	2,500
Nigeria	36,066	41,356	46,300
Rwanda	12,100	12,150	14,506
Senegal	15,005	14,762	15,825
Sierra Leone	841	468	500
Somalia	500	200	411
South Africa	20,404	25,150	31,628
Sudan	500	300	16,426
Tanzania	16,700	22,490	25,164
Uganda	33,650	38,559	41,795
Zambia	30,700	37,404	40,095
Zimbabwe	6,450	14,223	15,835
Africa Regional	44,233	33,915	33,420
REDSO/ESA	9,475	9,125	14,887
West Africa Regional	19,473	19,631	23,800
<b>Subtotal - Africa</b>	<b>422,679</b>	<b>458,491</b>	<b>542,105</b>
<b>East Asia and the Pacific</b>			
Burma	-	-	2,500
Cambodia	15,000	22,500	22,800
Indonesia	35,568	32,568	29,250
Laos	1,000	1,000	1,350
Philippines	25,599	24,550	22,000
Thailand	1,000	1,000	3,000
Vietnam	4,106	4,006	7,200
<b>Subtotal - East Asia and the Pacific</b>	<b>82,273</b>	<b>85,624</b>	<b>88,100</b>

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

	<b>FY 2002 Actual</b>	<b>FY 2003 Request</b>	<b>FY 2004 Request</b>
<b>Europe and Eurasia</b>			
Kosovo	131	-	-
<b>Subtotal - Europe and Eurasia</b>	<b>131</b>	<b>-</b>	<b>-</b>
<b>International Organizations</b>			
International Organizations/Partnerships	297,500	326,356	251,500
<b>Subtotal - International Organizations</b>	<b>297,500</b>	<b>326,356</b>	<b>251,500</b>
<b>Near East</b>			
Morocco	4,600	-	-
<b>Subtotal - Near East</b>	<b>4,600</b>	<b>-</b>	<b>-</b>
<b>South Asia</b>			
Afghanistan	29,000	-	21,000
Bangladesh	39,950	33,700	32,000
India	41,678	40,785	40,800
Nepal	20,000	20,449	18,500
Pakistan	14,000	12,500	25,000
Sri Lanka	300	300	500
<b>Subtotal - South Asia</b>	<b>144,928</b>	<b>107,734</b>	<b>137,800</b>
<b>Western Hemisphere</b>			
Bolivia	19,690	18,513	14,402
Brazil	9,150	11,821	12,011
Dominican Republic	9,532	11,409	13,110
Ecuador	-	-	300
El Salvador	15,653	9,636	6,334
Guatemala	15,700	11,739	10,250
Guyana	1,000	1,000	2,000
Haiti	638	14,000	21,826
Honduras	13,177	12,561	13,861
Jamaica	3,121	3,070	3,407
Mexico	5,509	6,200	4,976
Nicaragua	8,470	7,606	6,855
Paraguay	2,525	2,025	2,025
Peru	23,666	22,027	16,732
Caribbean Regional	3,550	4,688	6,532
Central American Regional	4,000	5,412	7,628
LAC Regional	9,434	6,813	5,161
South American Regional	-	-	1,154

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

	<b>FY 2002 Actual</b>	<b>FY 2003 Request</b>	<b>FY 2004 Request</b>
<b>Subtotal - Western Hemisphere</b>	<b>144,815</b>	<b>148,520</b>	<b>148,564</b>
<b>Global</b>			
Democracy, Conflict & Humanitarian Assistance	25,893	23,800	3,050
Global Health	322,766	301,000	306,063
Policy Initiatives	289	-	-
Asia-Near East Regional	16,226	17,742	14,418
Program & Policy Coordination	5,400	4,700	3,400
<b>Subtotal - Global</b>	<b>370,574</b>	<b>347,242</b>	<b>326,931</b>
<b>Total</b>	<b>1,467,500</b>	<b>1,473,967</b>	<b>1,495,000</b>

**International Disaster Assistance**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
IDA	235,500	285,500	235,500
IDA-ERF	146,000	0	0
IDA-SUP	40,000	0	0

International Disaster Assistance (IDA) funds humanitarian programs that provide relief, rehabilitation, and reconstruction assistance to victims of natural and man-made disasters. Funds in this account support USAID's Democracy, Conflict, and Humanitarian Assistance pillar.

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

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

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

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

Demands on resources have increased steadily for a number of years. In FY 2002, USAID responded to 75 disasters in 60 countries: 50 natural disasters, 17 complex emergencies and 8 human-caused 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.

- **Angola.** During FY 2002, the situation in Angola changed dramatically. At the start of the year, military forces of the Angolan Government and those of the National Union for the Total Independence of Angola (UNITA) were engaged in a civil war that disrupted lives and livelihoods throughout the country, with over four million people displaced. The death of Jonas Savimbi, leader of UNITA, led to the signing of a Memorandum of Understanding (MOU) on April 4 between the warring parties, ending 27 years of civil war. In FY 2002, OFDA's total program budget for Angola was \$20.6 million, meeting critical needs in selected areas of the Planalto

Region. OFDA's program covers key humanitarian sectors including health, nutrition, water, sanitation and coordination. OFDA field presence has been critical in playing a coordinating role among the numerous donors in Angola, but it is time to transition to and focus on development programs there.

- Sudan. OFDA programmed \$38.4 million in FY 2002 through 25 partner agencies in several sectors including primary health, nutrition, water/sanitation, food security, logistics and donor coordination. Since 2001, when President Bush appointed USAID Administrator Natsios as Special Humanitarian Coordinator along with former U.S. Senator John Danforth as Special Envoy for Peace, the U.S. Government has been at the forefront of sustained peace negotiations between the warring Sudanese parties. This involvement has led to a formal cease fire agreement for the Nuba Mountains, a negotiated agreement for the cessation of attacks against civilians, established periods of tranquility, and promoted an international inquiry into slavery in Sudan. U.S. involvement helped create a favorable environment for peace talks under the auspices of the regional Intergovernmental Authority on Development (IGAD) that produced the Machakos Protocol, signed by the Government of Sudan (GOS) and Sudan People's Liberation Army on July 20, 2002. Despite these notable gains, constraints to humanitarian assistance continue. For example, the GOS has expanded the ban on all flights to Eastern Equatoria, placed new restrictions on flights to the Nuba Mountains, and denied access to 61 specific locations in opposition controlled areas. Also, GOS aerial attacks against civilians has increased, forcing humanitarian aid organizations to evacuate staff from numerous locations. USAID and OFDA continue to provide program support to Sudan in the sectors of health, food, security, education and economic revitalization. Both OFDA and USAID are also at the forefront with initiatives directly linked to the peace process and reconciliation.
- Democratic Republic of Congo (DROC). Insecurity, lack of infrastructure, and limited access to vulnerable populations continue to hinder humanitarian assistance in DROC. However, important peace initiatives took place during FY 2002. On July 30, 2002, President Kagame of Rwanda and Kabila of DROC signed a peace agreement in Pretoria, South Africa, and Rwanda pledged to withdraw forces and Hutu militia from the country. On September 6, 2002, the Government of Uganda also signed an agreement to withdraw troops. Most foreign troops (from Angola, Namibia, Rwanda, and Uganda) have withdrawn from DROC during the past year. Insecurity in rural areas persists, restricting access to agricultural land which results in decreased crop yields that contribute to the food security crisis in DROC. During FY 2002, OFDA provided more than \$27 million (\$22 million for the complex emergency and nearly \$5 million in response to the January, 2002 eruption of Mt. Nyiragongo near Goma. OFDA's emergency assistance has been in the food security and nutrition sectors, in its contributions to market infrastructure rehabilitation, and through support of agricultural programs for war-affected, vulnerable and displaced persons. Projects are targeted in the geographic areas with the highest mortality and malnutrition rates. OFDA also provides grants for local capacity building to promote rebuilding of livelihoods. An important component of the OFDA program is the funding of AirServe International to operate three humanitarian aircraft in areas outside government control. Chronic insecurity and conflict continue to put approximately 20 million people at risk in DROC.

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

**Transition Initiatives**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
TI	50,000	55,000	55,000

The Transition Initiatives (TI) account funds humanitarian programs that provide post-conflict assistance to victims of natural and man-made disasters. TI supports USAID's Democracy, Conflict, and Humanitarian Assistance pillar.

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

The FY 2004 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 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 key to bridging the gap between emergency relief and long-term development.

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

In FY 2003, funds will be used for programs in Afghanistan, Angola, Burundi, Democratic Republic of the Congo, Macedonia, Sri Lanka, Sudan, and Venezuela. OTI will cease funding programs in East Timor, Indonesia, Peru, and Serbia and Montenegro. However, it has developed hand-off strategies for each of these country programs and will transfer those OTI-initiated activities which require continuation to identified donors willing to build upon OTI's work. Additionally, FY 2003 funds will be used to carry out new programs in response to critical junctures and windows of opportunities.

Given the contingent nature of this program, FY 2004 country data is not yet available.



**Development Credit Program**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
USAID DCP	7,500	7,500	8,000

The Development Credit Program (DCP) 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. DCP is not intended for sovereign credit activities.

For FY 2004, the Administration is requesting new transfer authority from USAID-managed program accounts for \$21 million. Of this amount, \$6 million will be used to guarantee loans and loan portfolios in every regional of the globe, and in every economic sector. The balance, \$15 million will be used to support the U.S. Government's commitment at the World Summit on Sustainable Development (WSSD) to the Water for the Poor Initiative, a critical component in achieving the UN Millennium Development Goal of cutting in half the proportion of people who are unable to reach or afford safe drinking water.

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 2002 Actual	FY 2003 Request	FY 2004 Request
USAID OE	549,000	572,200	604,100
USAID OE-ERF	15,000	0	0
USAID OE-SUP	7,000	0	0

For FY 2004 the Administration is requesting Operating Expenses (OE) to fund salaries, benefits, and other administrative costs for the \$7.8 billion in programs managed by USAID which include: Development Assistance, Child Survival and Health Program Fund, Transition Initiatives, International Disaster Assistance, Economic Support Fund, Assistance for Eastern Europe and the Baltic States, Assistance for the Independent States of the Former Soviet Union, and P.L. 480 Title II food aid.

Within this budget, we are expanding missions in Afghanistan and Pakistan, hiring additional U.S. Direct Hire (USDH) HIV/AIDS specialists, and providing for the costs of increased security worldwide.

As a part of the Department of State's Diplomatic Readiness Initiative, USAID will recruit, train and assign up to 50 Foreign Service Officers in FY 2004. These new positions will begin limiting staffing gaps resulting from retirement of Foreign Service Officers.

This request will also enable foreign service national staff who work in countries without a viable social security system to participate in a global retirement fund. It also funds increases for the International Cooperative Administrative Support Services (ICASS) system, which provides administrative support to all agencies with overseas presence.

**USAID Capital Investment Fund**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
USAID CIF	0	95,000	146,300

For FY 2004 the Administration is requesting no-year funding for the Capital Investment Fund to provide USAID with flexibility to manage investments in information technology and facility construction. The Capital Investment Fund provides funding for the capital investment component of both information technology and facility construction. Operating Expenses funds the non-capital investment component, which covers the annual operating costs and maintenance of information systems and facilities infrastructure.

Information Technology (\$20 million) to support major systems and infrastructure improvement projects that will have a substantial impact on operations and results. USAID, in collaboration with the Department of State, will develop enterprise architecture and extend its integrated core accounting system to the field operations. This project is part of the proposed plan to modernize USAID's business systems worldwide through the expansion of the Agency's core accounting system to include overseas missions in developing countries. This budget will also help fund a new procurement system and will facilitate E-Gov initiatives.

Facility Construction (\$126 million) will fund new office facilities co-located on new embassy compounds where State will have begun construction by the end of 2003. For construction projects that are to begin in 2004, funding for USAID facilities is included in the request for Embassy Security, Construction and Maintenance. The Secure Construction and Counterterrorism Act of 1999 requires that USAID co-locate on new embassy compounds.

**USAID Inspector General Operating Expenses**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
USAID OIG	31,500	32,700	35,000

The FY 2004 request for the USAID Office of the Inspector General (OIG) covers operating expenses, including salaries, expenses, and support costs of OIG personnel.

The goals of the OIG are to:

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

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

## 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 2002 Actual	FY 2003 Request	FY 2004 Request
ESF	2,224,000	2,490,000	2,535,000
ESF-ERF	600,000	0	0
ESF-SUP	465,000	0	0

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

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

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

The largest share of the FY 2004 ESF request remains focused on supporting Middle East peace negotiations through programs that foster economic stability and development in Israel, Egypt, and other Arab countries pledged to support the peace process. ESF is also requested to support: the Middle East Partnership Initiative (MEPI); continued assistance in rebuilding Afghanistan; balance of payments support to Turkey; peace and reconciliation in Ireland and Cyprus; democratic institution building and economic growth in the Western Hemisphere and Caribbean; rebuilding democratic institutions and programs that support African integration into the global economy and conflict management on the African continent; democratic and economic strengthening in Indonesia and East Timor; sector reforms in Pakistan; programs that promote rule of law and address the growing problems of trafficking and forced labor of women and children in South Asia; and programs that can respond quickly to prevent or forestall human rights abuses and exploit unanticipated opportunities to promote democracy.

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



**Economic Support Fund**  
(\$ in thousands)

	<b>FY 2002 Actual</b>	<b>FY 2003 Request</b>	<b>FY 2004 Request</b>
<b>Africa</b>			
Angola	-	-	3,500
Burundi	-	-	3,500
Democratic Republic of Congo	-	-	4,250
Ethiopia	-	-	5,000
Kenya	-	-	8,000
Nigeria	-	-	5,000
Sierra Leone	9,000	-	5,000
South Africa	-	-	2,000
Sudan	-	-	15,000
Zimbabwe	-	-	4,000
Africa Regional Fund	29,000	32,000	14,000
Africa Regional SUP	20,000	-	-
Countries in Transition	40,000	31,000	-
Education for Development and Democracy	15,000	-	-
Regional Organizations	4,000	6,000	3,000
Safe Skies	3,000	8,000	5,000
<b>Subtotal - Africa</b>	<b>120,000</b>	<b>77,000</b>	<b>77,250</b>
<b>East Asia and the Pacific</b>			
Burma	6,500	6,500	6,500
Cambodia	20,000	17,000	15,000
China Rule of Law	5,000	5,000	-
East Timor	25,000	19,000	13,500
Indonesia	50,000	60,000	60,000
Mongolia	12,000	12,000	10,000
Philippines	21,000	20,000	20,000
Philippines SUP	12,000	-	-
ASEAN Regional	-	-	2,500
East Asia and Pacific Environmental Initiative	3,500	-	-
Regional Democracy	5,000	5,000	4,000
Regional Security Fund	250	250	250
Regional Women's Issues	4,000	4,000	3,000
South Pacific Fisheries	14,000	18,000	18,000
<b>Subtotal - East Asia and the Pacific</b>	<b>178,250</b>	<b>166,750</b>	<b>152,750</b>

**Economic Support Fund**  
(\$ in thousands)

	<b>FY 2002 Actual</b>	<b>FY 2003 Request</b>	<b>FY 2004 Request</b>
<b>Europe and Eurasia</b>			
Cyprus	15,000	15,000	7,500
Turkey	-	-	200,000
Turkey SUP	200,000	-	-
International Fund for Ireland	25,000	25,000	8,500
Irish Visa Program	5,000	4,000	4,000
<b>Subtotal - Europe and Eurasia</b>	<b>245,000</b>	<b>44,000</b>	<b>220,000</b>
<b>Near East</b>			
Egypt	655,000	615,000	575,000
Israel	720,000	800,000	480,000
Jordan	150,000	250,000	250,000
Jordan SUP	100,000	-	-
Lebanon	35,000	32,000	32,000
Yemen	5,000	10,000	15,000
Yemen SUP	3,000	-	-
Iraq Opposition	25,000	25,000	-
Middle East Democracy	5,000	5,000	-
Middle East Multilaterals	3,000	3,000	3,000
Middle East Partnership Initiative	-	-	145,000
Middle East Partnership Initiative SUP	20,000	-	-
Middle East Regional Cooperation	5,000	5,000	5,000
U.S. North Africa Economic Partnership	4,000	4,000	-
West Bank/Gaza	72,000	75,000	75,000
<b>Subtotal - Near East</b>	<b>1,802,000</b>	<b>1,824,000</b>	<b>1,580,000</b>
<b>South Asia</b>			
Afghanistan	17,250	-	150,000
Afghanistan SUP	88,000	-	-
Bangladesh	3,000	7,000	6,000
India	7,000	25,000	20,000
Nepal	3,000	6,000	6,000
Pakistan	9,500	200,000	200,000
Pakistan ERF	600,000	-	-
Pakistan SUP	15,000	-	-
Sri Lanka	3,000	4,000	14,000
South Asia Regional Funds	3,500	2,000	2,000
<b>Subtotal - South Asia</b>	<b>749,250</b>	<b>244,000</b>	<b>398,000</b>

**Economic Support Fund**  
(\$ in thousands)

	<b>FY 2002 Actual</b>	<b>FY 2003 Request</b>	<b>FY 2004 Request</b>
<b>Western Hemisphere</b>			
Bolivia	10,000	10,000	8,000
Cuba	5,000	6,000	7,000
Dominican Republic	2,300	3,500	3,000
Ecuador	15,000	20,000	14,000
El Salvador	25,200	-	-
Guatemala	10,000	7,500	5,000
Haiti	30,000	-	-
Honduras	1,000	-	-
Jamaica	1,532	-	-
Mexico	10,000	12,000	12,000
Nicaragua	2,800	-	-
Panama	4,205	3,500	3,500
Paraguay	3,500	3,500	3,500
Peru	14,500	10,000	9,000
Venezuela	500	500	500
Administration of Justice	8,663	11,000	7,000
Centers for Educational Excellence	7,000	-	-
Eastern Caribbean	10,800	-	-
FTAA Technical Assistance	-	1,000	-
Peru-Ecuador Peace	4,500	4,500	4,500
Third Border Initiative	-	3,000	9,000
<b>Subtotal - Western Hemisphere</b>	<b>166,500</b>	<b>96,000</b>	<b>86,000</b>
<b>Global</b>			
Muslim Secondary Exchange Program SUP	7,000	-	-
Partnership to Eliminate Sweatshops	4,000	4,000	2,000
Policy Initiatives	-	20,250	-
Human Rights and Democracy Funds	13,000	12,000	17,000
Oceans, Environmental and Science Initiative	4,000	2,000	2,000
<b>Subtotal - Global</b>	<b>28,000</b>	<b>38,250</b>	<b>21,000</b>
<b>Total</b>	<b>3,289,000</b>	<b>2,490,000</b>	<b>2,535,000</b>

**Human Rights and Democracy Funds**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
ESF	13,000	12,000	17,000

The September 2002 National Security Strategy puts the promotion of democracy and human rights at the top of our foreign policy agenda, stressing that, "We will champion the cause of human dignity and oppose those who resist it." In promoting democracy and human rights, the United States is simultaneously communicating America's values and protecting its interests. This effort has become increasingly significant since the events of September 11, 2001. The war against terrorism will be successful in the long term only in so far as it addresses the root causes of extremism by promoting stable, just and open societies where basic human freedoms are respected and protected. Our security as a nation depends upon the expansion of democracy worldwide. History amply demonstrates that democracies are more prosperous, peaceful, and cooperative than authoritarian regimes.

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

In FY 2004, 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.

As efforts to fight the war on terrorism continue, the Department of State 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; that support the development of political parties and civil society as well as increase respect for human rights in Central Asia; that promote the protection and enforcement of legal rights and an independent judiciary, increase popular participation in government, and develop civil society in China; and that advance human rights as well as promote political participation and civil society in African, Asian, and Latin American countries.

## Oceans, Environmental and Science Initiative

(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
ESF	4,000	2,000	2,000

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

The Economic Support Funds (ESF) for Oceans, Environmental and Science Initiative (OESI) advance U.S. negotiating positions, promote regional cooperation, and demonstrate U.S. leadership in responding to emerging issues. Pursuing these activities furthers U.S. objectives by: explaining and building support for U.S. approaches to international oceans, environment, and science issues; promoting U.S. trade, economic, diplomatic, investment, and commercial interests; and enabling host governments to elaborate their own policies in an informed manner.

The Department of State is currently negotiating agreements and establishing voluntary initiatives in areas that directly affect U.S. interests such as biotechnology, forests, hazardous chemicals, sustainable fisheries, health, water and sustainable development. We are also developing and implementing partnerships in key areas (domestic good governance, energy, water, and natural resources management), including those announced at the World Summit on Sustainable Development. OESI program funds will be used to further these U.S. interests by supporting such efforts as:

- Developing institutional and legal frameworks for regional management of potentially divisive transboundary fresh water issues.
- Improving sustainable management of fresh water resources including access to clean water and sanitation services, improved watershed management and increased the efficiency of water use in industrial and agricultural sectors.
- Facilitating access to clean sources of energy for the two billion people worldwide who currently lack modern energy services needed to meet economic and social development goals, while minimizing energy's impact on the environment.
- Raising awareness of the unprecedented threat to economic development and social progress posed by the spread of HIV/AIDS, and other infectious diseases, improving health security.
- Promoting sustainable forest management (e.g., Congo Basin Forest Partnership) and advancing U.S. efforts to deter illegal logging, in support of the President's Initiative Against Illegal Logging.
- Advancing domestic good governance (rule of law) to address environmental crimes such as hazardous waste dumping, smuggling proscribed hazardous chemicals, and exploiting and trafficking in protected natural resources in key developing countries;
- Deterring illegal fishing that threatens U.S. commercial fisheries' interests and the sustainable management of fisheries.
- Promoting export of U.S. technologies that advance U.S. foreign policy objectives.

**Partnership to Eliminate Sweatshops**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
ESF	4,000	4,000	2,000

International competition has caused concern among the American public that the global economy has prompted a “race-to-the-bottom” that contributes to the abusive treatment of workers and the creation of unsafe working conditions. There is broad public concern in the United States that goods sold in the U.S. market are produced in sweatshop conditions overseas.

Through the Partnership to Eliminate Sweatshops, the U.S. has funded proposals by concerned private sector and civil society actors to address this problem. Program proposals include the establishment of workplace monitoring systems, including the training of workers in these systems, the development of framework agreements, research and education initiatives, the establishment of voluntary codes of conduct, among others. These efforts serve our national interest by promoting democracy and economic development abroad, reinforcing the domestic consensus in support of international economic engagement, and the protection and promotion of fundamental worker rights.

The Partnership to Eliminate Sweatshops facilitates partnerships among non-governmental organizations (NGOs), universities, organized labor, corporate alliances and others that are developing a variety of approaches to address unacceptable working conditions around the world. Efforts to eliminate sweatshops are at an early stage. Corporate codes are many and varied, and independent monitoring of enforcement of codes has begun on a small scale.

Funds from this program will continue to be used to develop more efficient monitoring efforts, to train and accredit monitoring agencies, to train managers and workers, to target countries and industries where the greatest problems exist, and to evaluate efforts to date. This effort complements other efforts being made to bring countries and companies into full compliance with the 1998 ILO Declaration of the Fundamental Principles and Rights at Work and to help developing countries meet worker rights criteria in U.S. trade legislation.

The overall objectives are to eliminate forced labor, child labor, violations of freedom of association and the right to organize and bargain collectively, minimum wage violations, harassment, discrimination, substandard health and safety conditions, and abusive work schedules in production facilities overseas that produce for the American market.

The FY 2004 request of \$2 million will be used to make grants available to both domestic and international applicants to eliminate sweatshops through the promotion of core labor standards, corporate codes of conduct, monitoring, training, research and other means. Funds may also be used to support mechanisms that allow for communication and exchange of information among the grant recipients, in order to share lessons learned and discussion of best practices.

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

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
SEED	621,000	495,000	435,000

Since 1989, the Support for East European Democracy (SEED) Act has promoted important U.S. national interests and strategic goals in North Central and South Central Europe. With the graduation of the northern tier countries, the program has shifted its focus southward. This region could still pull in our allies and ultimately the United States to uphold vital interests, as the past conflicts in Bosnia-Herzegovina (Bosnia) and Kosovo and more recent insurgencies in southern Serbia and Macedonia demonstrated. SEED assistance provides a proactive defense. It funds important peace implementation programs that have laid the foundation for longer-term development through the rise of democratic institutions and market economies. It also supports the region in its drive for integration in Euro-Atlantic institutions. Witness the historic November 2002 invitation to seven more SEED-recipient countries to join NATO, and the December 2002 invitation to eight to join the European Union.

To facilitate continued reform and transition in Southeastern Europe, SEED assistance supports innovative models, technical assistance, and training. SEED funding fosters civil security and rule of law in these transitional societies, increases adherence to democratic practices and respect for human rights, and promotes broad-based economic growth. Many in the region have made important progress toward achieving the objectives of the SEED program: development of democratic institutions and political pluralism and of free market economic systems. All the recipients are now democracies, and all are experiencing economic growth. Extensive SEED investments during recent years have successfully helped the region overcome crises, so that in FY 2004 we can continue to reduce the overall request while maintaining the momentum of the reforms underway. Educational and cultural exchanges, previously funded under SEED, will be consolidated into and administered by the Bureau of Educational and Cultural Exchange Programs.

SEED programs help ensure that local and regional instability 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 contribute to the global fight against organized crime, corruption, trafficking in persons, and terrorism. They minimize the human price of conflict, contribute to the protection of human health, and help secure a sustainable global environment, and promote U.S. exports. Central Europe is a growing market for U.S. goods and services, as well as a gateway to the vast potential markets in Russia and Ukraine.

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

ensure the Dayton Peace Accords are implemented. A key strategic goal in this area is to create stability so the international military presence can be reduced and ultimately withdrawn.

The second group contains the neighboring countries of Albania, Bulgaria, and Romania. Their transitions have been prolonged and difficult due to the challenges of political instability and the lack of strong institutions. SEED is helping these countries move forward as their commitment to reform deepens. In Bulgaria, a three-year U.S. pledge for \$28 million annually will fund a transition plan to secure strong governance and broader economic opportunity. With such a plan in place, Bulgaria will be ready to graduate from SEED assistance in FY 2007, with the last year of new funding in FY 2006.

Objectives of the SEED program for FY 2004 include:

- To support the FRY and its constituent republics, Serbia and Montenegro, as they overcome a decade of political oppression and economic mismanagement. U.S. assistance will play a key role in consolidating the democratic transition, supporting economic reforms, and fostering the integration of a prosperous FRY into Euro-Atlantic institutions. Efforts will focus on strengthening democracy and civil society, including local government and community development, media, non-governmental organizations, political parties, and rule of law, including judicial reform. SEED funds will also help enhance FRY capability to handle war crimes and other sensitive cases, and will target corruption and trafficking in persons. We will continue to advance the democratization process in Montenegro through support for economic reform and development of the private sector.
- To support Macedonia in continued steps to implement the Framework Agreement to restore political stability by bringing the benefits of economic and political reform to all its citizens. Our focus is on efforts to solidify political and security gains, improve the environment for economic growth, and strengthen multi-ethnic institutions and cooperation.
- To stabilize and transform Kosovo into an economically viable, democratically self-governing territory by supporting UNMIK; boosting the competency of the Provisional Institutions for Self-government and of municipal governments; training and equipping the Kosovo police, including in fighting organized crime; and developing an effective justice system and respect for minority rights. U.S. assistance also gives priority support to the return and reintegration process.
- To implement the Dayton Peace Agreement in Bosnia, continue to strengthen indigenous institutions and the central State, including an effective State Border Service, move Bosnia further along the path to European integration, and help Bosnians take ownership of their institutions and country. Our assistance is geared to support humanitarian, economic reform, democratization, law enforcement and rule of law, and building war crimes trial capacity.
- To work with the reform-minded, democratic government of Croatia as it undertakes economic reform, consolidates democracy, and works to resolve post-conflict issues of returns and ICTY cooperation. U.S. assistance will focus on more effective citizen participation, improved law enforcement and governance, and development of a vibrant NGO community.
- To support Albania, Bulgaria and Romania in market reform, promoting democracy and rule of law, strengthening civil society, and helping to relieve human suffering. SEED programs place particular emphasis on efforts against corruption and international organized crime, including trafficking.



- To stabilize, transform, and integrate the countries of Southeast Europe into the trans-Atlantic institutions by developing closer intra-regional ties under the aegis of programs such as the Stability Pact for Southeastern Europe. SEED will also support the OSCE's "Human Dimension and Economic Dimension" programs, shoring up regional governments to minimize the need for traditional peacekeepers. Regional law enforcement programs address organized crime, terrorism, trafficking, and border/customs control.

SEED assistance supports U.S. security, democracy, commercial, and human rights interests in Southeastern Europe. FY 2004 SEED assistance will:

- Enhance security on the ground for U.S. peacekeeping troops in Kosovo and Bosnia.
- Speed up the stabilization process in the countries of the former Yugoslavia, so the U.S. military presence can be reduced and ultimately withdrawn.
- Help prevent possible further outbreaks of armed conflict.
- Improve internal security and rule of law, reducing the influence of organized crime and corruption and fighting trafficking in persons.
- Improve the investment climate and help open new markets for American business.
- Improve the lives of citizens in the region through more effective government and improved social services.

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

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

	<b>FY 2002 Actual</b>	<b>FY 2003 Request</b>	<b>FY 2004 Request</b>
<b>Europe and Eurasia</b>			
Albania	35,250	28,000	28,000
Bosnia and Herzegovina	65,005	50,000	44,000
Bulgaria	34,100	28,000	28,000
Croatia	44,000	30,000	25,000
Federal Republic of Yugoslavia	165,000	135,000	113,000
Kosovo	118,000	85,000	79,000
Macedonia	49,506	50,000	39,000
Romania	36,000	29,000	28,000
Regional SEED	74,139	60,000	51,000
<b>Subtotal - Europe and Eurasia</b>	<b>621,000</b>	<b>495,000</b>	<b>435,000</b>
 <b>Total</b>	 <b>621,000</b>	 <b>495,000</b>	 <b>435,000</b>

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

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
FSA	784,000	755,000	576,000
FSA/NIS-ERF	64,000	0	0
FSA/NIS-SUP	110,000	0	0

Promoting stability in Eurasia bolsters U.S. national security. Most of the states of Eurasia have provided critical support in the war against terrorism. Several provide basing and overflight rights that are key to our ability to carry out military action in Afghanistan. Given the region's size, capacity to produce critical energy supplies, and borders with key countries in Europe, the Middle East, South Asia and East Asia, the U.S. has vital national interests in helping the Eurasian states become stable, democratic and prosperous. The United States also has a strong national security interest in preventing proliferation of weapons of mass destruction, delivery systems, weapons technology, expertise, and other weapons from the former Soviet arsenal.

Stability and prosperity in the region will only be possible 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. Programs funded under the FREEDOM Support Act (FSA) seek to facilitate this transition by supporting emerging democratic organizations and market institutions and by helping the Eurasian states develop the necessary legal and political foundations to support such institutions. FSA funding has brought one hundred thousand Eurasian citizens to the United States to meet with their U.S. counterparts and examine the American way of life. A large number of alumni of these exchange programs have gone on to assume important positions in their home countries; all return home with a better understanding of the American people and our values. FSA funding has helped develop civil society in Eurasia through support for non-governmental organizations (NGOs) and the independent media. FSA-funded business advisory and credit programs have supported the growth of small and medium private business throughout the region, while FSA-funded programs have produced major progress on land privatization in countries such as Ukraine, Moldova, Georgia and the Kyrgyz Republic.

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

We recognize that the transition from Soviet republics into democratic states with 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.

The broad objectives of FREEDOM Support Act assistance in Eurasia in FY 2004 are as follows:

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

More specific objectives in FY 2004 will include the following:

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

The FY 2004 request contains a significant reduction in FSA funding for Russia. In view of progress attained by Russia in its transition process, we will develop a strategy to graduate or phase out FSA

assistance over the next several years while leaving behind a legacy of sustainable institutions that will continue to promote civil society development and economic growth. The request also contains a significant reduction for Ukraine. We are developing a multi-year strategy for Ukrainian graduation from FSA that seeks to leave a similar legacy.

In FY 2004, exchanges, training, and partnership programs of the Bureau of Education and Cultural Affairs, perviously funded through FSA, will receive funding through the Educational and Cultural Exchanges (ECE) account.

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

	<b>FY 2002 Actual</b>	<b>FY 2003 Request</b>	<b>FY 2004 Request</b>
<b>Europe and Eurasia</b>			
Armenia	90,200	70,000	49,500
Azerbaijan	43,510	46,000	41,500
Belarus	10,572	9,500	8,000
Georgia	89,807	87,000	75,000
Kazakhstan	45,815	43,000	32,000
Kazakhstan SUP	1,500	-	-
Kyrgyz Republic	35,489	36,000	40,000
Kyrgyz Republic ERF	3,500	-	-
Kyrgyz Republic SUP	33,000	-	-
Moldova	35,946	32,500	23,000
Russia	159,083	148,000	73,000
Tajikistan	19,372	22,500	35,000
Tajikistan SUP	37,000	-	-
Turkmenistan	7,398	7,000	8,000
Turkmenistan SUP	4,000	-	-
Ukraine	154,937	155,000	94,000
Uzbekistan	29,190	31,500	42,000
Uzbekistan ERF	54,500	-	-
Uzbekistan SUP	34,500	-	-
Regional FSA	62,681	67,000	55,000
Regional FSA ERF	6,000	-	-
<b>Subtotal - Europe and Eurasia</b>	<b>958,000</b>	<b>755,000</b>	<b>576,000</b>
<b>Total</b>	<b>958,000</b>	<b>755,000</b>	<b>576,000</b>

# INDEPENDENT AGENCY

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

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**Peace Corps**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
Peace Corps	275,000	317,000	359,000
Peace Corps-ERF	3,900	0	0

The Peace Corps provides practical assistance to developing countries by sharing America's most precious resource -- its people. The close interaction between Peace Corps Volunteers and local communities has allowed the Peace Corps to establish an admirable record of service that is recognized around the world. For 42 years, Peace Corps Volunteers have helped build the path to progress with people who want to build a better life for themselves, their children, and their communities. Around the world, Peace Corps Volunteers continue to bring a spirit of hope and optimism to the struggle for progress and human dignity. More than 168,000 Americans have served in 136 countries.

While times have changed since the Peace Corps' founding in 1961, the agency's mission has not. The three core goals of the Peace Corps are as relevant today as they were forty-two 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 with teachers and parents to improve the quality of, and access to, education for children. They work with communities to protect the local environment and to create economic opportunities. Volunteers work on basic projects to prevent the spread of HIV/AIDS, help provide food security and access to potable water. Increasingly, they are training students to use computers and helping 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 our country and society 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.

**Peace Corps Volunteers 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.

Priorities for the Peace Corps in FY 2004 are:

### **Safety and Security**

The Peace Corps devotes significant resources to maximize the safety of Volunteers and to ensure that they are given the training, support, and information they need for a safe experience. In addition, the agency strives to integrate safety and security training with effective language, technical, and cross-cultural preparedness, recognizing that Volunteers' daily safety is, for the most part, best assured when they are integrated into local communities, valued and protected as extended family members, and viewed as contributors to local development. The Peace Corps does everything possible to ensure that Volunteers are assigned to areas in the host country where their safety needs can be met. In addition to dedicated safety personnel at each post, the agency also fields regional safety and security officers to assess safety and security procedures in all three administrative regions and to provide additional training and resources to staff and Volunteers. In FY 2004, the agency will hire three more regional safety and security officers for a total of 12 officers posted worldwide.

### **Volunteer Growth**

By the end of FY 2004, there will be approximately 10,000 Americans serving in the Peace Corps increasing American's contribution to the people of other nations. Given the changing realities of political, economic, and social development within the countries served, the Peace Corps will continue to monitor and assess its global presence and ensure that Volunteers are able to respond effectively to the development needs of host countries. The Peace Corps will broaden and strengthen the activities and strategies initiated in 2003 to recruit the trainees needed over the next several years in order to reach the President's goal of 14,000 Volunteers by FY 2007

## Inter-American Foundation

(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
IAF	13,107	14,000	15,185

Established under the 1969 Foreign Assistance Act, 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 as well as economic progress for the poor in Latin America and the Caribbean. Responsiveness to the ideas of organized people at the community level drives the IAF's work; it helps such communities develop democratic practices, including strengthening citizen participation and oversight of local governments.

In 2004, 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 democratic practices at the local level. This strategy promotes social investment in Latin America and the Caribbean by the U.S. and local private business sector 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.

In FY 2004, the IAF will expand its groundbreaking new program involving a large network of Latin American corporate foundations convened by the IAF in FY 2002. Participating foundations will match IAF contributions, develop a common results measurement system and pool their learning resources. Accountability and funding will be standardized to facilitate contributions from other donors.

The IAF will continue to support the economic development initiatives of African-descended communities—who comprise half the population living below the poverty line in Latin America and the Caribbean—and indigenous peoples. As an active member of the Inter-Agency Consultation on Race and Social Inclusion in Latin America, the IAF, in conjunction with 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 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 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. 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 2002 Actual	FY 2003 Request	FY 2004 Request
ADF	16,542	16,542	17,689

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 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 characteristics.

ADF FY 2004 request focuses on the following strategic objectives:

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

The primary focus of ADF's assistance is small enterprises (MSEs) as a means to creation of job opportunities and income generation through the promotion of MSEs. . Women and rural communities are major beneficiaries of ADF assistance.

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 has started a new 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 Account**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
MCA	0	0	1,300,000

The Millennium Challenge Account (MCA) embodies “a new compact for global development” based on the premise that greater contributions from developed nations must be linked to greater responsibility from developing nations. Because sound policies are an essential condition for development, MCA funding will go only to nations that govern justly, invest in their people and encourage economic freedom.

The MCA will aim to spur lasting poverty reduction by helping to substantially increase economic growth. It will emphasize investments that raise the productive potential of MCA country citizens and firms and help integrate MCA economies into global product and capital markets. Key areas of focus for assistance include agricultural development, education, enterprise and private sector development, governance, health and trade and investment capacity building.

In FY 2004, only countries eligible to borrow from the International Development Association with per capita incomes below \$1,435 will be considered for MCA assistance. Selection of specific countries to receive MCA assistance will be based on country performance on 16 indicators which assess policies critical for economic growth, including fighting corruption, adherence to the rule of law, investing in health care and education, opening markets, creating a predictable regulatory environment and adopting sound macroeconomic policies.

Implementation will be based on a genuine partnership between the United States and the recipient country. Each MCA country would assess its major development constraints and, in consultation with its private sector and civil society, identify the most promising activities to accomplish MCA goals. The MCA country would enter into a contract with the MCA, which would focus on a limited number of clear measurable goals and include activities to accomplish the goals and benchmarks to assess progress toward the goals. Monitoring and evaluation to ensure accountability for results will be an integral part of every activity for which MCA funds are used.

A new government corporation, the Millennium Challenge Corporation (MCC), led by a Chief Executive Officer nominated by the President and confirmed by the Senate, will administer the MCA. A Cabinet level Board of Directors chaired by the Secretary of State will supervise the MCC.

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## DEPARTMENT OF STATE

International Narcotics Control and Law Enforcement  
International Narcotics Control and Law Enforcement Detail  
Andean Counterdrug Initiative  
Africa - INCLE  
East Asia and the Pacific - INCLE  
South Asia - INCLE  
Western Hemisphere - INCLE  
Global - INCLE  
Emergency Refugee and Migration Assistance Fund  
MRA/ERMA Program Summary  
Nonproliferation, Anti-terrorism, Demining, and Related Programs

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

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
ACI	645,000	731,000	731,000
INCLE	197,000	197,000	284,550
INCLE-ERF	73,000	0	0
INCLE-SUP	114,000	0	0

As we move through the first decade of the 21st century, the United States faces serious 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 and threaten not only our security but also that of our close friends, neighbors, and allies. International drugs and crime in particular 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, the Bureau for International Narcotics and Law Enforcement Affairs (INL) supports 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. International Narcotics Control and Law Enforcement (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 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, INL 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, and share the financial and political burdens of combating such threats. In the wake of September 11, 2001, many anti-crime programs were refocused to emphasize and sharpen their counter-terrorism impact.

Recent INCLE program successes include:

- In Colombia, the U.S.-supported aerial spray program more than tripled its pace in 2002 over the previous year, spraying more than 122,000 hectares of coca.
- The U.S. reached agreement with Costa Rica to establish a fifth International Law Enforcement Academy, joining those in Thailand, Hungary, Botswana and a graduate facility in New Mexico. The ILEAs are geared toward regional problems and issues.
- Working with the UK and other allies, the U.S. pressed the new Afghan government to make counter-narcotics a national priority and supported counternarcotics efforts that reduced the 2002 opium poppy crop by 25-30 percent.
- To strengthen Pakistan's porous 1,500-mile border with Afghanistan against infiltration by drug traffickers, terrorists, and other illegal armed groups, the U.S. provided urgent assistance, including much-needed helicopters, to border control units. The Department also stepped up border security assistance and cooperation with Mexico and key Caribbean states as part of a "Third Border" initiative.
- To combat the increasing problem of trafficking in women, the Department identified and is now planning assistance to key at-risk countries to help prevent trafficking, punish traffickers and aid victims.

-- At the international level, the Department has provided financial and political support for three successful negotiating sessions in a process that should lead to a UN convention on corruption. The Department also continues to provide technical and diplomatic support for ratification of the UN Convention Against Transnational Organized Crime, which should come into force in 2003.

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

	<b>FY 2002 Actual</b>	<b>FY 2003 Request</b>	<b>FY 2004 Request</b>
<b>Andean Counterdrug Initiative</b>			
Bolivia Total	87,600	91,000	91,000
<i>Bolivia - Alternative Development/Institution Building</i>	39,600	42,000	42,000
<i>Bolivia - Interdiction</i>	48,000	49,000	49,000
Brazil Total	6,000	12,000	12,000
Colombia Total	373,900	439,000	463,000
<i>Colombia - Alternative Development/Institution Building</i>	130,400	164,000	150,000
<i>Colombia - Interdiction</i>	243,500	275,000	313,000
Ecuador Total	25,000	37,000	35,000
<i>Ecuador - Alternative Development/Institution Building</i>	10,000	16,000	15,000
<i>Ecuador - Interdiction</i>	15,000	21,000	20,000
Panama Total	5,000	9,000	9,000
Peru Total	142,500	135,000	116,000
<i>Peru - Alternative Development/Institution Building</i>	67,500	69,000	50,000
<i>Peru - Interdiction</i>	75,000	66,000	66,000
Venezuela Total	5,000	8,000	5,000
<b>Subtotal Andean Counterdrug Initiative</b>	<b>645,000</b>	<b>731,000</b>	<b>731,000</b>
<b>Africa</b>			
Africa Regional	7,500	7,000	7,000
<b>Subtotal - Africa</b>	<b>7,500</b>	<b>7,000</b>	<b>7,000</b>
<b>East Asia and the Pacific</b>			
Indonesia SUP	4,000	-	-
Laos	4,200	3,000	3,000
Philippines	-	-	2,000
Thailand	4,000	3,750	2,000
<b>Subtotal - East Asia and the Pacific</b>	<b>12,200</b>	<b>6,750</b>	<b>7,000</b>
<b>South Asia</b>			
Afghanistan	6,000	-	40,000
Afghanistan SUP	60,000	-	-
Pakistan	2,500	4,000	38,000
Pakistan ERF	73,000	-	-
Pakistan SUP	15,000	-	-
Southwest Asia Initiatives	-	3,000	-
<b>Subtotal - South Asia</b>	<b>156,500</b>	<b>7,000</b>	<b>78,000</b>

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

	<b>FY 2002 Actual</b>	<b>FY 2003 Request</b>	<b>FY 2004 Request</b>
<b>Western Hemisphere</b>			
Bahamas	1,200	1,200	1,000
Colombia SUP	6,000	-	-
Guatemala	3,500	3,400	3,000
Jamaica	1,550	1,300	1,500
Mexico	12,000	12,000	37,000
Mexico SUP	25,000	-	-
Latin America Regional	10,000	9,500	5,000
WHA Regional Border Control SUP	4,000	-	-
<b>Subtotal - Western Hemisphere</b>	<b>63,250</b>	<b>27,400</b>	<b>47,500</b>
<b>Global</b>			
Asia Regional	5,050	4,500	1,000
Civilian Police Program	-	5,000	2,700
INL Anticrime Programs	20,330	14,000	9,000
International Law Enforcement Academies	14,500	14,500	14,500
International Organizations	13,000	13,000	13,000
Interregional Aviation Support	60,000	65,000	70,000
Regional Narc. Training and Demand Reduction	5,000	5,000	5,000
Systems Support and Upgrades	6,000	4,000	5,000
Trafficking in Persons	7,670	10,000	10,000
United Nations Crime Center	-	-	1,000
Program Development and Support	13,000	13,850	13,850
<b>Subtotal - Global</b>	<b>144,550</b>	<b>148,850</b>	<b>145,050</b>
<b>Total INCLE</b>	<b>1,029,000</b>	<b>928,000</b>	<b>1,015,550</b>

## Andean Counterdrug Initiative

(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
INCLE	645,000	731,000	731,000

The FY 2004 request of \$731 million will be used to continue the multi-year Andean Counternarcotics Initiative (ACI) that supports a unified Andean region campaign against drug trafficking, with the aim of eliminating the cultivation and refining of cocaine and opium, reducing the flow of drugs to the United States, and building a sustainable Andean law enforcement infrastructure that can break the narco-terrorist nexus and provide for the rule of law over national territory.

### Colombia (\$463 million)

FY 2004 funding for Colombia will be used to continue and expand drug interdiction and eradication efforts by focusing assistance to the Colombia Army (COLAR) and the Colombian National Police (CNP). Critical aviation support to the COLAR will allow it to perform counternarcotics missions by providing maintenance and repair, fuel, training and operational support for increased operations resulting from the expanded legal authorities. Significant FY 2004 funding will also go toward reinforcing critical air bridge denial program operations against trafficking aircraft.

Additional military equipment, including upgrades to facilities and general operational support, will be provided to the Counterdrug Mobile Brigade, also operating under expanded authorities. Colombian National Police counternarcotics and counter-terrorism missions will be expanded to include additional presence in conflict zones. Required support will include the procurement of additional aircraft, infrastructure improvements and the establishment of secure and interoperable communications and information systems.

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 democracy, and promoting the rule of law. Technical assistance and training to improve economic capabilities and provide viable income and employment options will be critical to discourage the cultivation of illicit crops.

Protection for threatened individuals and offices will continue, particularly those associated with peace and human rights activities. Projects will also promote a government and civil human rights protection infrastructure; the expansion of judicial capabilities and infrastructure designed to facilitate justice administration and peace initiatives; and transparency and accountability in all public offices.

### Peru (\$116 million)

The principal goal of the U.S. counternarcotics strategy in Peru is to deny traffickers the ability to "spill over" from one country to another as law enforcement successes eliminate established drug cultivation and operational areas. Specifically, FY 2004 funds will support the eradication of illicit coca and opium poppy cultivation; law enforcement interdiction efforts on land and rivers against the operations of major Peruvian trafficking organizations; a renewed air bridge denial program designed to impede the aerial trafficking of drugs; and support for the Peruvian police air wing, which provides aerial transportation support for all of the above goals.

Funding for alternative development and institution building supports capital investment and technical assistance to help local governments build and sustain infrastructure against the spread of economic activities linked to narco-trafficking. Activities will include support for the development of sustainable cacao tree crops with large export value; enhance local infrastructures including power grids, roads and bridges; improve social and health conditions; assist municipal governments in implementing participatory democracy; improve administrative and financial skills in the public sector; and improve alternative development project management.

#### Bolivia (\$91 million)

FY 2004 funds will be used to continue ground and air interdiction operations, eradication operations and drug awareness, demand reduction and alternative development programs. The programs in Bolivia focus on support and maintenance of a network of interdiction bases established throughout the country during FY 2002 and FY 2003; a national secure communications grid; and additional personnel to control coca production, enhance interdiction efforts and provide intelligence support for the growing number and increased complexity of operations and investigations, including enhanced riverine patrols that interdict and provide intelligence and security to other counternarcotics units. Funds will be used to support aircraft and ground equipment reliability for all units. FY 2004 resources will also provide training to enhance law enforcement and judicial capabilities, as well as provide drug awareness and demand reduction education fostering interdiction efforts by reducing local market drug demand.

#### Ecuador (\$35 million)

The FY 2004 program for Ecuador reflects continued concern for the vulnerable northern border region, supporting the construction of a port cargo inspection station and counternarcotics police base in Esmeraldas province (northern border); the construction of integrated checkpoints in San Luis, Carchi province and La Troncal, Loja province; the construction of eight helipads; and reconstruction of the Pichinca counternarcotics police headquarters. Funding will continue 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 U.S. Customs Service. Other projects will provide police and judicial training essential to improving the detection and seizure of drugs and drug-related contraband. In addition, INL projects will focus on improving criminal prosecutions and money laundering and chemical investigation and enforcement units.

FY 2004 funds will also support research and development of sustainable cacao tree crops to provide vulnerable small farmers with a licit alternative to illicit drug cultivation. In the northern border region, projects designed to enhance local infrastructure (e.g., power grids, roads and bridges), improve social and health conditions, assist municipal governments in implementing participatory democracy, improve administrative and financial skills in the public sector, and improve alternative development project management capabilities will be implemented.

#### Brazil (\$12 million)

FY 2004 funding will support counternarcotics programs, including the establishment of a mobile operations center. This includes the construction, operational support, and training to further enhance riverine and maritime platform operations. Law enforcement capabilities at all levels (federal, state, civil and military) will be enhanced by providing equipment and training that concentrates on money laundering, transportation security, arms-trafficking control, witness protection and narcotics control. The northern border of Brazil will also be fortified with support for bases and tactical command centers as part of Operation COBRA.

Venezuela (\$5 million) and Panama (\$9 million)

Funding for interdiction efforts in Panama and Venezuela will focus on improving police and military operations including air, ground and water capabilities by providing training and equipment and by upgrading critical facilities. Funds will be used to train law enforcement units to improve drug detection, seizure and mobile inspection capabilities; enhance money laundering and chemical investigation efforts; expand the number of officers in outlying areas; provide advisors to train personnel on the proper use and maintenance of equipment; and provide assistance for institution building and strategic planning. Judicial sectors will be provided training to develop cadres of public prosecutors to enhance judicial and prosecutorial effectiveness and communications equipment and vehicles to operate wire intercepts and port and border point of entry security programs. Funding for institution building supports capital investment and technical assistance to help local governments build and sustain infrastructure against the spread of economic activities linked to narco-trafficking. Funding will also be used to continue research on links between risk factors, drug use and violence; develop strategies to deter drug use and evaluate the effectiveness of antidrug programs; and provide teachers and community leaders with anti-drug training and materials.

**Africa**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
INCLE	7,500	7,000	7,000

Criminal activities throughout the continent corrupt and weaken governments, undermine progress towards the establishment of democratic institutions, and hinder economic growth and foreign investment. Nigerian and South African criminal organizations are transnational in scope and have a direct impact on the United States. Funds will be used to provide training, technical assistance and equipment to support units that combat trafficking in people, narcotics and contraband, money laundering and financial crimes (including counterfeiting), public corruption, and illegal migration. Assistance will also be directed to strengthen border controls and interdiction efforts at sea, land, and air ports of entry; modernize training curricula and teaching methodologies in police academies; support institutional reform of law enforcement and criminal justice agencies; and train and equip civil disorder management units. In Nigeria, support will be directed at counterdrug and anti-financial crime units that are cooperating closely with U.S. law enforcement in fighting transnational crime. Funds will also be used to support the modernization of the Nigerian police force through improvements in training and management. In South Africa, funds will be used to provide technical assistance to a specialized unit attacking complex and organized crime, and to improve police performance at the national and local levels. Additionally, funds will be used to support programs that address border security issues and increase forensics laboratory skills. Programs in West African states (Senegal, Benin, Cape Verde and Ghana) will be continued to ensure that criminal activities that formerly originated in Nigeria are not simply displaced to neighboring states. Funding will continue to support programs in East Africa (Ethiopia, Djibouti, Tanzania, Uganda and Kenya), which is a transit hub for African and Asian criminal activities, including trafficking in narcotics and persons, alien smuggling, money laundering and financial crimes.



**East Asia and the Pacific**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
INCLE	8,200	6,750	7,000
INCLE-SUP	4,000	0	0

Laos (\$3 million)

In Laos, the world's third largest producer of opium, funds will support demand reduction programs, including the development of a nationwide train-the-trainer effort and increased demand reduction education and treatment at national and municipal level drug counseling centers. In addition, projects will support crop control; road construction to provide access to markets and government services, and food production and alternative income activities. Funds will also support training and equipment for the specialized Counter Narcotics Units and Lao Customs Department and National Commission for Drug Control and Supervision.

Philippines (\$2 million)

In the Philippines, a country in which the U.S. has key interests and which is a coalition partner in the war against terrorism, funds will be used to provide training, technical assistance, and communications and information management equipment to the Philippine National Police, the National Police Commission, the Philippine Drug Enforcement Agency, and civilian law enforcement units in the Autonomous Region in Muslim Mindanao and elsewhere. Funding will also be used to provide technical assistance to law enforcement and judicial training academies to provide technical assistance and training to support criminal justice legislative reform; improve police-prosecutor cooperation and court management; and build effective anti-corruption institutions.

Thailand (\$2 million)

In Thailand, a major transit country for heroin entering the U.S. and key U.S. ally, funds will be used to provide training, technical assistance, and equipment to enhance institutional capabilities for more effective investigations of major drug trafficking and other criminal organizations. Projects will continue funding a Resident Legal Advisory program to support reform of the criminal codes and other laws; support to the Anti-Money Laundering Office; and, opium poppy crop control programs consisting of small-scale and demonstration alternative development projects with special emphasis on the border areas.

**South Asia**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
INCLE	8,500	7,000	78,000
INCLE-ERF	73,000	0	0
INCLE-SUP	75,000	0	0

INCLE funding will continue to support the war on terrorism in two key front line states during FY 2004. Funds will support both Afghanistan and Pakistan in security, counternarcotics and law enforcement enhancements with the overall goal of promoting stability in the region.

Afghanistan (\$40 million)

For Afghanistan, building on programs begun with the FY 2002 Supplemental, funds will be used for counternarcotics programs, development of a civilian law enforcement capacity, and justice sector reform in support of a multinational effort to create effective and legitimate government institutions and restore stability. Funds for counternarcotics will be used to provide agricultural inputs and training for farmers to promote voluntary eradication and sustainable, alternative crops; vocational training programs to generate income for other vulnerable populations, such as women; training and equipment for border guards to improve interdiction capacity and cross-border cooperation; training and equipment for a counternarcotics force; and demand reduction projects including a public affairs program to encourage support for a drug-free society. Police assistance will complement the German-led law enforcement efforts by providing further training at the new Ministry of Interior police school in Kabul, and by expanding the program to modernize police organization and capacities in other provinces. Funds will assist Afghan trainers deliver basic skills curricula for lower-level police focusing on principles of supervision and management and stressing human rights. Funds will also be used to provide personal police equipment, expand the police identification card system and enhance police physical plant and infrastructure in the provinces. Justice sector funding will focus on modernizing criminal justice aspects of the law by providing training for judges and prosecutors on human rights, basic skills, and criminal procedures, and support the Ministry of Justice, Prosecutors Office, and the judicial commission in implementing justice reform. Funding provided to strengthen institutional capacities will be used to help refurbish and equip a training facility for legal professionals in Kabul, and develop professional standards.

Pakistan (\$38 million)

Pakistan, a key U.S. ally in the global war on terrorism, must address critical governance issues that threaten its legitimacy, especially in law enforcement and criminal justice. Funding will be used for project activities in three areas: border security, law enforcement development, and counternarcotics. Funds 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. Funding will be used to provide maintenance, support, and operating expenses for the five Huey-II and three fixed wing aircraft procured with FY 2002 Emergency Response Funds; establish a new forward operating location in Peshawar, extending air mobility for rapid response platoons and other law enforcement personnel into the North West Frontier Province (NWFP); provide equipment, infrastructure, technical assistance and training to facilitate cooperation among the relevant Government of Pakistan entities on border security intelligence, investigations, and operations; provide vehicles, communications, surveillance and related equipment to agencies with responsibilities for border control; establish 2-3 fixed border entry facilities and fencing to better control the flow of people and vehicles into Pakistan and make them subject to checks via the PISCES system and customs and immigration personnel. Funds for law enforcement development will

provide technical assistance and training for the development of strategic plans for providing law enforcement services and education; enhance the infrastructure and capabilities of the provincial and national law enforcement academies; improve the criminal investigative capacities of provincial and federal level law enforcement personnel; equip forensics laboratories; and provide vehicles and communications equipment to link police at the local, provincial, and federal levels to law enforcement agencies not covered under the border security program. Funds for counternarcotics programs will be used to continue ongoing programs such as: complete the Khyber road-building project; support the Anti-Narcotics Force, including its presence in the areas of opium poppy surveys and eradication; assist the narcotics courts; improve the capacities of the Pakistan Coast Guard and Maritime Security Agency; and support drug demand reduction programs.

**Western Hemisphere**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
INCLE	28,250	27,400	47,500
INCLE-SUP	35,000	0	0

South American drug trafficking groups continue to favor the Central America/Mexico and Caribbean corridors to transport drug shipments to the U.S., although trafficking and chemical diversion through non-Andean countries in South America is increasing. This creates a ripple effect of connected criminal activities in those countries, including increased drug abuse. Most of these are developing countries; their criminal justice systems are not equipped to address transnational organized crime and are vulnerable to intimidation or corruption. Drug abuse is escalating in all drug transit countries. Since INCLE funding is the principal source of USG support for anti-crime programs, it is critically important to the recipient governments.

**Bahamas (\$1 million)**

Funding for the Bahamas will be used to provide training, technical assistance and vehicles to Bahamian authorities, as well as to expand the Customs detector dog program. Funding will continue to provide critical support to the Operation Bahamas Turks and Caicos (OPBAT) interdiction bases, including the purchase of go-fast interceptor craft for the Bahamian Police in support of OPBAT operations.

**Guatemala (\$3 million)**

In Guatemala, INCLE funding will be used to provide training, equipment, and other support to the government's counternarcotics and law enforcement efforts. A top priority is rebuilding the anti-drug police force, rooting out and deterring corruption, and providing essential equipment, including modern computer systems. Funding will continue to support an eradication project to prevent a resurgence of drug crop cultivation. A U.S. Customs port advisor will assist in anti-smuggling efforts.

**Jamaica (\$1.5 million)**

In Jamaica, funds will support the procurement and maintenance of a fourth go-fast interceptor boat to be added to the fleet; the establishment of forward positioning sites; the provision of technical assistance, training and equipment for an expanded Contraband Enforcement Team, the Jamaican Constabulary Force's Fugitive Apprehension Team, the Counter-Drug Special Investigative Unit, and the Financial Crimes Unit; the establishment of an anti-corruption unit; and the expansion of existing demand reduction programs.

**Mexico (\$37 million)**

Given Mexico's central importance to the USG's own anti-drug and homeland security strategies, INCLE funding will be increased substantially. Mexico is both the principal cocaine transit route and a primary source for other drugs destined for the United States. Effective law enforcement cooperation with Mexico is critical to the USG's ability to dismantle the major trans-border trafficking groups and to confront other criminal threats. INCLE funding will provide training and technical assistance to promote the modernization and professionalization of Mexico's criminal justice institutions as well as to enhance their operational readiness – particularly in aerial and maritime interdiction and drug crop eradication. Following September 11, 2001, Mexico and the United States committed to a 22-point Border Security Accord to

ensure that the shared border is secure and efficiently managed. Increased INCLE funding will be directed to activities to advance that Accord, for example through projects, training and equipment to enhance Mexico's ability to secure its borders and ports. Various aviation programs will promote air fleet modernization, maintenance and repair; sensor system upgrade; and C26 support.

#### Latin America Regional (\$5 million)

Countries funded from the Latin America Regional account are primarily situated in the drug transit zone where violence, corruption and drug abuse associated with the drug trade put extreme pressure on social and governmental institutions. Funding will be directed towards improving the endgame interdiction capabilities of transit countries by modernizing investigative, judicial and prosecutorial capabilities and improving anti-corruption and anti-money laundering efforts. 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. 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 against traffickers and money launderers.

**Global**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
INCLE	144,550	148,850	145,050

Asia Regional (\$1 million)

Narcotics trafficking and related criminal activities threaten the stability of countries in the region by fostering the growth of terrorist networks, corrupting governments, and undermining democratic institutions. Asia Regional funds will be used to provide training, technical assistance and equipment to strengthen counternarcotics law enforcement, border control, and customs agencies and judicial institutions throughout Asia and the Pacific Islands. Funds also support INL positions in India and USEU Brussels.

Civilian Police Program (\$2.7 million)

Civilian Police (CIVPOL) Program funds continue to develop the capacity of the U.S. to provide civilian police, advisors, trainers, and justice experts to peacekeeping missions and related activities overseas; increase the U.S. police cadre of 500 experienced law enforcement personnel available for overseas assignment by an additional 250 people; fund contractor costs and maintain a contractor capacity to support these operations; provide uniforms and equipment, transportation arrangements and per diem for U.S. CIVPOL and associated costs for participating in-training programs required by operational demands; maintain databases of the U.S. cadre for U.S. contributions to international organizations, particularly, the Organization for Security Cooperation in Europe and the United Nations; maintain a capacity to provide procurement and construction services to support foreign police; and fund two personal services contractors assigned to Washington and a direct-hire officer to the US Mission to the United Nations in New York.

INL Anticrime Programs (\$9 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 the White House priority in addressing terrorist financing and money laundering threats to the United States. These include programs for the specific classified list of 19 priority countries determined by the National Security Council and also for countries such as Egypt and Guatemala that are on the Financial Action Task Force (FATF) "black list." These comprehensive programs focus on creating robust anti-money laundering regimes, law enforcement capabilities and regulatory agencies. INCLE funds also support international organizations like the FATF, which promotes the standard-setting and peer reviews vital to fighting terrorist financing.

**Border Controls:** A key objective of our war on terrorism is to strengthen our borders against such threats. Strong border controls also hinder narcotics traffickers, alien smugglers, and other contraband traders. While we have focused our efforts on the Caribbean and Central America, we are also addressing other regions important to the war on terror.

**Alien Smuggling:** One of the closest ties between transnational crime and terrorism is the likely use by terrorists of the infrastructure of alien smuggling to move clandestinely into the United States. Funds support priority countries to strengthen their capacity to identify, apprehend, and prosecute alien smugglers, and to destroy this infrastructure. Suriname, for example, has become a major staging area for organized crime networks to smuggle illegal Chinese aliens into the United States. We will be assessing immigration controls in Suriname and providing equipment and training to improve the capabilities of Surinamese immigration and police authorities.

**Cyber Security, Cyber Crime, and Intellectual Property Rights Crime:** To combat the prospect of a terrorist-related cyber and other attacks on critical U.S. infrastructures, as well as to protect against other forms of cyber-crime, we will provide technical assistance and training to build legal regimes and law enforcement capabilities in selected strategic countries. In addition, INCLE funds are supporting training for foreign law enforcement officials to combat theft of intellectual property, which has a growing IT component. Among the countries that we will focus this assistance on are the Philippines, Nigeria, Brazil, Argentina, India and Mexico.

**Anti-Corruption:** Any effective anti-crime/anti-terrorism program must also attack corruption. As part of the President's anti-corruption 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. This includes support for technical assistance anti-corruption compacts. Funds will also provide rapid response assistance to support governments where new opportunities and political will suddenly emerge against corruption.

**G-8 Lyon Group Presidency:** The upcoming U.S. G-8 presidency in 2004 offers a critical opportunity for the U.S. to build global support for the war on terror. As chair of the Lyon anti-crime group, which along with the counter-terrorism Roma Group coordinates anti-crime and terrorism policies and technical assistance within the G-8, the United States will use INCLE funding to host and chair several plenary and working group meetings.

#### 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, INL continues to negotiate for the establishment of a new ILEA in San Jose, Costa Rica. This ILEA is expected to open during calendar year 2003 and have a full program by the beginning of FY 2004. Other activities in FY 2004 will include modifying the core and specialized curriculum offered by the ILEAs to target areas of growing international criminal activity such as counter-terrorism, corruption and trafficking in persons.

#### International Organizations - IO (\$13 million)

U.S. support to multilateral organizations complements our bilateral programs and allows us to leverage our funds to gain increased buy-in and support from other countries for our overall counternarcotics efforts. Through these multilateral programs we are able to address problems on a regional basis and reach areas where it is difficult for the U.S. to operate bilaterally.

Funding for IOs will support UN International Drug Control Program (UNDCP) projects including ongoing alternative development projects in Burma and Laos; development and maintenance of data banks to track chemical precursors and to train law enforcement officials on chemical precursors; global program against money laundering; global legal advisory program; and general purpose funding and specific projects to be developed. In addition, IO funding will be used to support the Inter-American Drug Abuse Control

Commission (OAS/CICAD), the anti-drug arm of the Organization of American States. CICAD provides an essential forum for hemispheric cooperation as well as an important provider of training and technical assistance. INCLE funds will be used for projects and training to advance the Anti-Drug Strategy in the Hemisphere and to address the shortcomings in national anti-drug programs identified by the Multilateral Evaluation Mechanism (MEM). Funds will also support expansion of CICAD's increasingly sophisticated demand-side, supply-side and legal development programs.

#### Interregional Aviation Support (\$70 million)

Interregional Aviation funding will provide core level services necessary to operate a fleet of 164 fixed- and rotary-wing aircraft supporting counter-narcotics aviation programs in Colombia, Bolivia, and Peru, border security operations in Pakistan, and, as required, programs at other temporary deployment locations; contract administration support including salaries and benefits of Civil Service and Personal Services Contract employees; extensive field travel for staff oversight of four overseas locations executing highly technical and dangerous operations; and administrative services and program support (phone service, warehouse leases, miscellaneous support costs, Patrick Air Force Base support services, and procurement of parts and depot level component repairs for DOD source aircraft).

#### Program Development and Support (\$13.85 million)

Program Development and Support funds the 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.

#### Regional Narcotics Training and Demand Reduction (\$5 million)

The Regional Narcotics Training and Demand Reduction program seeks to reduce the worldwide demand for illicit drugs by motivating foreign governments and institutions to give increased attention to the deleterious affects of drug abuse on society. Reducing demand for drugs reduces a major source of revenue for terrorist organizations and thereby frustrates their ability to carryout out terrorist activities. Funds will assist countries to reduce drug consumption and helps to preserve the stability of society and government. Funds support the development of 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, encourage governments to develop and implement strong anti-drug policies and programs, and strengthen support for USG counternarcotics policies and initiatives.

The demand reduction budget request will support international demand reduction programs that address new Presidential priorities including establishing Parents Drug Corps programs in foreign countries that will encourage parents to help children stay drug free by training them in prevention skills and methods; develop Student Assistance Programs to reduce illicit drug use among primary and secondary school students; support faith-based organizations to augment prevention, intervention, and recovery maintenance services; and create an International Community Anti-Drug Coalition Institute to provide training and technical assistance on forming and sustaining effective community, regional and international anti-drug coalitions of civil society/grassroots organizations to prevent the use of illegal drugs and mobilize international opinion against the drug trade. Addiction Technology Transfer Centers will disseminate the most effective approaches for delivering prevention, treatment and violence reduction services. Funds will also be used to expand the development of research-based, cross-cultural prevention and treatment programs whose results can be used to improve U.S.-based services.



#### Systems Support and Upgrades (\$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. FY 2004 funding will support the sustainment of sensor packages in Barbados, Trinidad and Tobago, Mexico, and Colombia, as well as Peru's sensor package for their maritime surveillance and intelligence collection programs; 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 (\$10 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 to under-served countries or regions where there are trafficking problems. Funds 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; development of anti-trafficking curriculums for police academies; and anti-trafficking research where there is limited information.

#### United Nations Crime Center (\$1 million)

Funds will support the United Nations Center for International Crime Prevention (CICP) to obtain ratification and implementation of the Convention against Corruption, including support for an anticipated Conference of the Parties and/or related monitoring mechanism, as well as to projects in individual countries to assist them in ensuring that they are in compliance with the terms of this and other treaties. Funds will also support technical assistance projects addressing organized crime (including trafficking in humans) and corruption.

**Migration and Refugee Assistance**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
MRA	705,000	705,000	760,197
MRA-ERF	100,000	0	0

Humanitarian response is one of seven U.S. national interests outlined in the International Affairs Strategic Plan (IASP). The foreign policy stakes of U.S. humanitarian programs are high. In the past year, the U.S. Government has responded to new humanitarian emergencies in Afghanistan, Liberia, Guinea, and the West Bank and Gaza, while continuing to address humanitarian needs and emergencies in such diverse places as the North Caucasus, Democratic Republic of the Congo, and Nepal. In the wake of 9/11, we face new threats, both from failed states and stateless terrorism networks. These threats have resulted in widespread dislocation and mass movement of peoples, horrific human rights violations, epidemics, disease, and starvation. We have realized that the humanitarian impact of our decisions to act – or not – cannot be ignored, and 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 2004 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 2004 include: continuing our support for the large-scale return and reintegration of Afghan refugees and internally displaced persons (IDPs) as well as similar programs for Angola and Sri Lanka; bolstering efforts to enhance the protection of refugees, including programs that guard against the exploitation of beneficiaries of humanitarian assistance; pressing other donors to provide their fair share of assistance to international humanitarian organizations; and replenishing the ERMA account to ensure preparedness to respond to future humanitarian emergencies.

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 effective access to protection and first asylum for refugees and conflict victims.
- 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 87% in FY 2002) 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 to provide U.S. resettlement opportunities to refugees in need of this durable solution and to encourage other countries to do the same. Funds support efforts to systematically identify resettlement cases, process them for admission to the United States, and then make initial reception and placement services available once they arrive. MRA funds to UNHCR enhance its capacity worldwide to screen populations and make recommendations to the U.S. program and to other resettlement programs. IOM receives MRA funds for overseas processing functions in some locations and transportation-related services for all refugees admitted by 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. An on-going goal in FY 2004 is to continue making U.S. admissions programs for refugees more responsive to critical refugee rescue needs through developing referral capacity in UNHCR, at U.S. Embassies, and from assistance NGOs. At the same time, the program continues to address the challenges of security and fraud, which came into focus after 9-11 and have significantly increased the cost and operational complexity of admitting refugees to the U.S. During FY 2004, the program will continue to regain momentum after the setbacks of FY 2002.

### 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 extensive support for humanitarian migration and integration of migrants to Israel ("Refugees to Israel").

### Administrative Expenses

Responsible programming and monitoring of PRM resources requires a skilled and flexible workforce capable of responding to international crises, managing resources of almost \$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 2004 request for administrative expenses is \$18.5 million, an increase of \$2.5 million over the FY 2003 request. The rise is primarily due to the fact that MRA will absorb costs formerly borne by ERMA or other appropriations for Afghanistan, Colombia and the Balkans offices. 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 2002 Actual	FY 2003 Request	FY 2004 Request
MRA	519,000	499,000	555,947
MRA-ERF	100,000	0	0

The FY 2004 request for Overseas Assistance is \$556 million, an increase of \$57 million from the FY 2003 request for this category. This increase primarily reflects support for the return and reintegration of long-standing refugee populations and other displaced people in countries such as Afghanistan, Angola, and Sri Lanka. This assistance will also continue the provision of life-saving protection and assistance to millions of refugees and conflict victims in places like Tanzania, 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. The agency also provides refugees with basic necessities such as water, shelter, food, and medicine. In 2004, 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 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 educational, health, relief, and social services to the approximately 3.9 million registered Palestinian refugees located in Jordan, Syria, Lebanon, and Gaza and the West Bank.
- The International Organization for Migration (IOM) works with governments, other international organizations, and voluntary agencies to provide for the orderly and humane migration of persons in need of such services.
- The World Food Program (WFP) is the principal vehicle for multilateral food aid within the UN system. WFP distributes commodities supplied by donor countries for protracted refugee and displaced person projects and emergency food assistance, as well as for development operations. MRA funds are provided to WFP to help address unexpected, critical pipeline breaks in the refugee food supply.

The Department intends to use the funds requested for FY 2004 to respond to the calendar year 2004 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 International Children's Emergency Fund (UNICEF), the World Health Organization (WHO), 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 2002 were the International Rescue Committee, the American Refugee Committee, Mercy Corps, CARE, the International Medical Corps, and Save the Children. 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.

**Assistance Programs in Africa**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
MRA	187,500	187,500	209,070

MRA assistance will contribute to the basic needs of some 3.5 million refugees and conflict victims spread across the African continent (both sub-Saharan and North Africa). The FY 2004 request reflects not only the welcome opportunities for refugee solutions that have come from a number of peace agreements in places such as Angola and Sierra Leone, but also the regrettable outbreak of conflict in places such as Côte d'Ivoire. The request also addresses the growing assistance and protection needs of refugees fleeing from continued instability in countries like Sudan and Liberia and conflict victims trapped in difficult circumstances such as those in southern Somalia, Sudan, and the Democratic Republic of Congo (DRC). Peace processes in Burundi, the DRC, and Sudan are encouraging, but have yet to make refugee returns a reality.

Key challenges include weakening donor response owing to urgent priorities elsewhere in the world, how to deal with protracted refugee situations (e.g., Sudanese refugees in Ethiopia, Kenya, and Uganda; Western Saharan refugees in Algeria; even the more recent Burundi and Congolese refugees in Tanzania), 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.

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. Since humanitarian assistance has not always been up to basic international standards in such life-sustaining sectors as nutrition and water/sanitation, contributions to UNHCR and other implementing partners will continue to seek to address these gaps. UNHCR 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. Permanent settlement, or at least local integration in the country of asylum, may be possible for some, e.g., Angolans in Zambia and Eritreans in Sudan. 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.

ICRC, often in partnership with other elements of the International Red Cross movement, is called upon to provide relief and medical assistance in the most difficult and dangerous areas of countries caught up in armed conflict, 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 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).

In recent years, MRA contributions to WFP have helped fill critical shortages in WFP refugee feeding programs undertaken in cooperation with UNHCR. Beneficiaries include: Sierra Leonean and Liberian refugees in Guinea; Sierra Leonean returnees; Liberian refugees in Sierra Leone; Ethiopian and Eritrean refugees in Sudan; Somali refugees in Ethiopia, Djibouti, and Kenya; Sudanese refugees in Uganda, Ethiopia, and Kenya; Angolan refugees in Zambia, Namibia, and the DR Congo; Congolese refugees in Tanzania and Zambia; Central African refugees in the Democratic Republic of Congo; Burundi refugees in Tanzania; and Western Saharan refugees in Algeria. In FY 2004, funds may be contributed to WFP for similar stopgap measures such as local/regional purchase of food to fill nutritional gaps.

NGOs are key partners of IOs in Africa, often in specialized areas such as health care, food distribution, education, and other assistance for children. Funds will be provided directly to NGOs to complement the programs of UNHCR and to address the need to bring basic assistance up to international life-sustaining standards of care. As examples, we think it important to support NGO efforts to augment health care for refugees in Ethiopia, Guinea, Kenya, Sierra Leone, and Tanzania. Our proposal also envisions funding NGO programs to promote refugee and returnee self-sufficiency in Angola, Guinea, Sierra Leone, Somalia, Uganda, and Zambia. 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 2002 Actual	FY 2003 Request	FY 2004 Request
MRA	15,625	15,500	14,260

The largest group of refugees in East Asia continues to be Burmese. Of the Rohingya refugees who fled to Bangladesh from Burma in late 1991 to mid-1992, over 230,000 had voluntarily repatriated and only very small-scale repatriation continued at the beginning of 2003. USG contributions to UNHCR in FY 2004 will support the reintegration and recovery needs of Rohingyas who returned from Bangladesh within the past three years. Those remaining in Bangladesh at the end of the organized repatriation that is scheduled to end on June 30, 2003 -- an estimated 22,000 -- will need a durable solution. UNHCR is still negotiating with the Government of Bangladesh about this caseload.

At the beginning of 2003, about 135,000 refugees from a variety of ethnic groups in Burma still resided 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 include funds to provide access to asylum seekers in border camps and to ensure that Thailand admits and receives new arrivals in a fair and transparent manner that is in accord with international standards.

The FY 2004 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, food aid, and some basic household assistance, such as blankets and mosquito nets.

U.S. contributions to ICRC support ongoing programs, such as visits to detainees and emergency relief and medical care for conflict victims. Armed conflict in Southeast Asia tends to be localized (e.g., Aceh and Irian Jaya in Indonesia). Regional ICRC delegations throughout East Asia largely concentrate on core activities of protection, tracing, dissemination, and medical assistance, 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 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 refused to allow UNHCR access to these individuals, whom they consider to be illegal economic migrants, to assess whether any have claims to refugee status. MRA has funded basic medical and poverty alleviation programs through UNDP to an American NGO for drought-stricken North Koreans who have crossed the border into northeastern China. We anticipate supporting similar requirements in FY 2004.



**Assistance Programs in Europe**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
MRA	81,520	77,000	58,100

The FY 2004 request for MRA assistance in Europe reflects continuing crises in the New Independent States (NIS) of the former Soviet Union and the need to bring the refugee situation in the Balkans to a successful conclusion.

In the former Soviet Union, the transformation from Soviet rule to independent states continues to be a volatile process. Some nine million people in the NIS are refugees, displaced persons, repatriates, or other migrants. The North Caucasus region of the Russian Federation, which had tens of thousands of IDPs and refugees from several conflicts even before the latest fighting, will continue to be an unstable region prone to outbreaks of violence. The conflict in Chechnya has intensified and shows no signs of abating. Some 110,000 IDPs in Ingushetiya are under increasing pressure to return to Chechnya, despite the insecurity there. The 160,000 IDPs in Chechnya lack access to even basic shelter, water, sanitation, health care, and education and will continue to require assistance. Our efforts to reintegrate returnees from the Tajik civil war will start to wind down in 2004, but the most vulnerable returnees, particularly the elderly and female-headed households, may still require assistance. There has been little progress in resolving the conflict in Abkhazia, which affects some 270,000 IDPs. Those IDPs, along with the more than one million who were displaced from the "frozen conflicts" in Nagorno-Karabakh and South Ossetia, will continue to require assistance. With the radically changed situation in Afghanistan, we expect that many of the 130,000 Afghan refugees still in the former Soviet Union – Tajikistan, Uzbekistan, Turkmenistan, Azerbaijan, and, above all, Russia (100,000 in Russia alone) – will return in 2004, or will seek other durable solutions, including resettlement.

In FY 2004, we will continue to support UNHCR's work in the NIS. Many refugees, especially Chechens, are increasingly vulnerable and require greater protection from UNHCR, as governments in the region seek to close borders to crack down on terrorism. We will also continue to fund ICRC's programs in the NIS, including emergency assistance, ICRC's innovative tolerance education programs, and promotion of basic principles of international humanitarian law. ICRC is our most important partner in Chechnya, where it is able to maintain critical programs to assist displaced and vulnerable people, despite the difficult security situation.

In the NIS, funding to NGOs is primarily used to support emergency refugee and IDP needs not covered by UNHCR and ICRC. We will rely on NGOs in FY 2004 to fill key gaps in programs for refugees and IDPs, including emergency shelter, health care, water, sanitation, and educational needs. MRA funds may support WFP programs undertaken in cooperation with UNHCR in FY 2004 primarily for Chechen IDPs and refugees and vulnerable returnees in Tajikistan.

Having concluded successful minority return programs in Bosnia and Croatia, PRM's major priority in the Balkans in 2004 will now be minority returns to Kosovo. PRM will continue to support efforts to stabilize and protect ethnic minority communities and facilitate returns from Serbia and Montenegro to Kosovo as conditions allow. More than 230,000 people from ethnic minorities remain displaced from Kosovo; providing options for return for these individuals is a key to promoting regional stability and preventing future conflict. In Bosnia and Croatia, PRM has made solid progress in building momentum for refugee returns and in persuading other donors to support them.

In FY 2004, we expect that UNHCR's programs in Bosnia and Croatia will be reduced to core operations. Its programs in Kosovo and Serbia will continue at a high level as greater numbers of minority IDPs return to Kosovo; these returnees will require protection, legal assistance, information, and reintegration assistance. UNHCR programs will seek to stabilize ethnic minority communities by building cross-ethnic understanding and creating the economic conditions to sustain the minority populations.

We will also continue to support ICRC's unique role among international agencies in the former Yugoslavia of facilitating exchange of information on missing persons, conducting prison visits, and building the capacity of local Red Cross societies.

PRM has partnered with NGOs in the former Yugoslavia for the past decade, with productive results. We plan to continue this partnership in FY 2004, albeit at a reduced level compared to previous years. This funding will support these organizations as they facilitate the return of minority IDPs to Kosovo. The work of these NGOs complements the work done by UNHCR and the UN Mission in Kosovo's Office of Returns and Communities.

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

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
MRA	102,900	102,500	102,320

The major focus for assistance in the Near East continues to be the long-standing Palestinian refugee population, which is assisted primarily through the UN Relief and Works Agency for Palestine Refugees in the Near East (UNRWA). The U.S. has been a major contributor toward UNRWA's programs since it began operations in 1950. Mandated by the United Nations to assist Palestinian refugees in Jordan, Syria, Lebanon, and the West Bank and Gaza, UNRWA has over 3.9 million registered refugees for whom it is responsible. 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 a climate conducive to a peaceful resolution of regional problems. As was the case last year, some of this support will be directed at improving security services for the organization.

UNHCR serves some 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, 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), the 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 medical and other assistance to conflict victims and displaced persons. ICRC's programs will continue to provide emergency shelter, food and water, medical care, and protection to civilians displaced by conflict in the region.

Funds may also be contributed for special projects of other IOs or NGOs designed to complement the assistance efforts of our major IO partners or to meet the special needs of refugees in the region, such as Iraqis in Lebanon and Iran.

**Assistance Programs in South Asia**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
MRA	46,600	30,300	79,040
MRA-ERF	100,000	0	0

Afghan refugees are expected to continue to return home in record numbers in 2004 with more than 1.5 million estimated. Along with reintegration assistance for some 3.5 million returns in 2002 and 2003, the FY 2004 MRA request of \$72 million 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 majority of refugee returnees settle in urban areas, which has placed additional strain on the cities' already overburdened infrastructures. Even as the country rebuilds itself, many segments of the Afghan population continue to require humanitarian assistance. It is currently estimated that as much as twenty percent of Afghanistan's population of 26 million remains dependent on some form of humanitarian relief. Substantial reintegration assistance for refugees and IDPs who returned home in 2002 will be necessary through at least the end of 2003. UNHCR estimates that an additional 1.2 million refugees and over 300,000 IDPs will return home in 2003 and that comparable numbers will return home in 2004. The ultimate success of this 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.

Despite the massive repatriation effort of 2002, UNHCR estimates that over 3 million Afghan refugees remained in Pakistan, Iran, and Central Asia at the beginning of 2003. According to UNHCR, over half of these refugees likely will remain in a third country at least until 2004 due to the security situation, persecution of certain ethnic groups, and Afghanistan's limited capacity to absorb additional returnees. We 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.

We 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.

We also plan to fund other international organizations and NGOs to supplement the repatriation and reintegration assistance to Afghan refugees. In early 2003, the Transitional Assistance Program for Afghanistan (TAPA) was released following an extensive review between the Afghan government and the UN; it is organized to reflect the program sectors outlined in the National Development Budget and runs at least through the end of the first quarter of 2004. The document focuses on the need to support government leadership and capacity building requirements, while responding to ongoing humanitarian and reconstruction needs. In 2003 and beyond, UNHCR and the Afghan government will increasingly rely on UN agencies, 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 address education, water and sanitation, health, shelter, and employment - key elements in anchoring returnees in their communities. The Department will also continue to give special attention to the needs of Afghan women and girls, particularly through projects implemented by NGOs. As WFP's food requirements will remain significant for Afghanistan and Afghan refugees in Pakistan, the Department may need to coordinate with UNHCR and USAID to provide support for food for Afghan refugees and returnees, as well as for WFP's logistical operations.

In Nepal, 100,000 Bhutanese refugees in seven refugee camps receive protection and assistance from UNHCR, including primary education for all refugee children in the camps and teacher training, kerosene for cooking in order to reduce environmental degradation, and income generating and skills projects. It supports Tibetan refugees in transit to India as well as the Bhutanese refugee population. UNHCR provides transiting Tibetan refugees food, shelter, and health care and also maintains a Reception Center for Tibetan refugees in Kathmandu.

In recent years, U.S. contributions to WFP have supported feeding programs for Bhutanese refugees. In FY 2004, PRM may contribute funds to WFP for such programs undertaken in cooperation with UNHCR.

Another important country of humanitarian interest in the region is Sri Lanka. Of the original 120,000 Tamil refugees who fled to India from Sri Lanka in June 1990 as a result of ethnic violence, approximately 65,000 refugees remain in camps in India's southern Tamil Nadu State. The February 2002 cease-fire agreement between the Government of Sri Lanka and the Liberation Tigers of Tamil Eelam is holding, peace talks are in progress, and refugees and IDPs are returning to their homes. By the end of 2002, 1,000 refugees had repatriated. UNHCR, other UN agencies, and the government have coordinated on a joint strategy for reintegration assistance, and we are planning to support this effort.

UNHCR is also concerned with the reintegration of internally displaced persons (IDPs) in Sri Lanka. In 2002, some 183,000 IDPs returned home. (There were 800,000 IDPs at the beginning of 2002.) Assuming these returns continue, UNHCR will be providing the repatriating refugees and IDPs with protection and relief items, such as plastic sheeting and domestic items, and complementary social services provided in government welfare centers. We would also support the programs of ICRC, which is involved in protection, tracing, medical assistance, and human rights training.

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 2002 Actual	FY 2003 Request	FY 2004 Request
MRA	13,723	14,500	21,000

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, many of the needs of the more than two million IDPs inside Colombia, and the several thousand refugees outside Colombia, have been addressed through a combination of MRA and special appropriations for the USG's Andean Counter-Drug Initiative. In FY 2004, the Department is increasing its request for MRA to lessen a dependency on special appropriations to meet these needs.

In 2003, for the first time, the UN issued a coordinated Humanitarian Action Plan (HAP) for Colombia. It included an appeal of over \$62 million. The HAP promotes coordination of activities and eliminates program overlap. 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. ICRC's appeal rose to \$25 million in 2003, up from \$16 million in 2002. UNHCR is also assisting the Colombian government in responding to the assistance and protection needs of IDPs. UNHCR activities in Colombia, which are included in the HAP, include capacity building with a number of IDP associations that will receive support to start income-generating activities. In addition, the agency works with local government and indigenous organizations to enhance local capacity, improve emergency response and contingency planning, and disseminate information on IDP rights under the law. In neighboring countries, UNHCR works with host governments to promote refugee-related legislation, support NGO and local government refugee response, and facilitate voluntary returns of Colombian refugees. Finally, we are also providing some assistance to IDPs through NGOs, most significantly Cooperative Housing Foundation, which is a major contributor in the shelter sector.

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 put in place effective protection regimes. UNHCR training workshops in the Caribbean are particularly important, as UNHCR has no permanent staff 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, primarily for Mexico, and Venezuela, and for its network of five regional offices and delegations.

The MRA request also includes funding for the custody, care, safety, transportation, and other needs of undocumented aliens interdicted in the Caribbean region, who the Attorney General has identified as persons in need of protection, as required by the President's recent Executive Order regarding Undocumented Aliens in the Caribbean Region.

**Multiregional Activities**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
MRA	56,000	56,000	55,657

The MRA multiregional line 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 MRA multiregional funding will provide U.S. contributions to the headquarters and global program costs of UNHCR, the headquarters budget of ICRC, and the multiregional refugee activities of other international or non-governmental organizations. Multiregional program activities also include interagency coordination efforts, emergency response units of international organizations, and monitoring and evaluation activities. A particular emphasis of our multiregional funding is to promote initiatives in such areas as refugee women and children, sexual and gender-based violence (SGBV), refugee protection, 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.

Funding for UNHCR headquarters covers important support activities carried out by UNHCR staff in Geneva and is funded through voluntary contributions by governments. Funding for UNHCR's Global Operations supports key global activities of priority interest to the U.S. – activities on behalf of refugee women, refugee children, and the environment, health-related projects including HIV/AIDS programs, refugee registration, global resettlement projects, and education programs.

A key priority in our funding for UNHCR out of the multiregional line is the prevention of sexual exploitation and the improvement of UNHCR's protection presence in the field. The problem of refugee protection gained new resonance in FY 2002 with allegations of sexual exploitation of beneficiaries of humanitarian assistance, especially women and children, in West Africa. The MRA request includes funding to address this problem, primarily through the addition of up to 75 new UNHCR protection officer positions, protection training workshops for all staff, the mainstreaming of a protection staffing surge capacity within the organization, and the development of an enhanced registration system.

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 2004 ICRC headquarters budget in accordance with the Foreign Relations Authorization Act of 1988 and 1989. The ICRC headquarters budget is funded through voluntary contributions by governments and national societies of the Red Cross. U.S. contributions to ICRC's regional emergency appeals are described under the previous regional sections of this document. (The ICRC contribution is paid in Swiss francs, and the dollar amount will vary according to the exchange rate at the time of payment.)

The multiregional program also supports positions held by Americans with UNHCR, IOM, and WFP, through their Junior Professional Officer (JPO) programs.

**Migration**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
MRA	15,132	15,700	16,500

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 IOM. The FY 2004 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 2004 request for migration is to continue our support to programs aimed at combatting trafficking in persons and assisting its 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).

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



**Refugee Admissions**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
MRA	110,000	130,000	135,750

The President, following the annual consultation process with Congress later in FY 2003, will determine the FY 2004 number of refugee admissions and its allocation by region. The specific regional ceilings established in the consultations process will be based on an assessment of worldwide refugee needs at that time. The request will fund refugee admissions activities and the processing and transportation of a small number of Amerasian immigrants. As a result of the issues of security and fraud that came into focus after 9-11, the operational complexity of admitting refugees to the United States has significantly increased.

In FY 2004, PRM will continue to give priority to enhancing accessibility to the refugee admissions program for individuals in need of protection, including pipeline development through UNHCR and other partners, and to enhancing the quality of the initial resettlement services received by each arriving refugee. Actual U.S. refugee admissions for FY 2002 and the established FY 2003 ceilings are shown in the following table:

Geographic Region	FY 2002 Actual	FY 2003 Ceiling
Africa	2,505	20,000
East Asia	3,512	4,000
Former Yugoslavia	5,480	2,500
NIS/Baltics	9,990	14,000
Latin America/Caribbean	1,929	2,500
Near East/South Asia	3,697	7,000
Unallocated Reserve		20,000
<b>Total</b>	<b>27,113</b>	<b>70,000</b>

Africa

Although expected to be the largest program during FY 2002, African admissions were more severely impacted by post 9-11 security reviews than admissions from any other region. During FY 2003 the program is expected to recover, and a large backlog of interviewed refugees awaiting the results of security screenings are expected to travel. During FY 2004, the program is expected to be back on track as we continue to process 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 2004 caseload.

East Asia

FY 2004 will likely see processing of a small residual caseload from the Orderly Departure Program and a small number of Amerasian cases in Vietnam as well as several hundred Burmese and refugees from other Asian countries around the region.

Europe

The FY 2004 program will include primarily persons from the former Soviet Union and 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. The Department of State will continue to closely monitor the situation of religious minorities in Russia.

#### Near East and South Asia

In FY 2004, admissions of Iranians (primarily religious minorities) and small numbers of other nationalities are expected to continue. We are prepared to continue to admit vulnerable Afghans, including women at risk.

#### Latin America and the Caribbean

Admissions in this region during FY 2004 will be comprised of in-country processing for Cubans and the small Colombian program.

#### Summary of Costs

The funds requested for FY 2004 are directly related to costs incurred on behalf of refugees whose actual admission will occur in FY 2004 or in 2005. After the Immigration and Naturalization Service (INS) approves a refugee, the refugee receives a medical examination, sponsorship in the United States is assured, travel arrangements are prepared, security reviews are completed, and all other steps necessary for admission to the United States are taken. Most transportation and reception and placement costs are incurred when the refugee departs the asylum country for resettlement in the United States. Funds also are used to support all ongoing activities related to admissions, such as case identification and pre-screening of refugee applicants, processing of applicant case files, centralized data management, and overseas cultural orientation.

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

#### Amerasian Admissions Costs

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

#### Processing

The Department funds UNHCR, IOM, and NGOs to assist with the processing of refugees worldwide for resettlement in the United States. Processing responsibilities include screening applicants to assess their eligibility for interview by INS adjudicators under the U.S. refugee program. Some applicants interviewed by INS are not approved for U.S. resettlement. Therefore, more cases are processed during the course of the year than will actually be admitted to the United States as refugees. 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 2004, 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. In addition, some refugees, primarily from the former Soviet Union, will elect to travel on tickets purchased with private funds.

#### Reception and Placement Program

Through the Department's Reception and Placement program (R&P), private voluntary agencies receive funds to provide basic services to refugees for initial resettlement in the United States. These agencies are expected to augment federal funds by drawing on private cash and in-kind contributions, 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. The Department is continuing to explore ways to expand its program monitoring efforts, particularly the possibility of engaging an outside consultant to do more widespread monitoring than the small R&P staff can do.

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).

In 2002, the Administration conducted a Program Assessment Review Tool (PART) examination of the Refugee Admissions to the United States program. The program scored well for planning and management and the PART found that program managers at the Department of State collaborate closely with grantees and state government to ensure effective use of funds. Because of overly broad goals in FY 2003 and previously, management has devoted significant attention to including more focused and quantifiable goals in the draft FY 2004 performance plan.

**Refugees to Israel**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
MRA	60,000	60,000	50,000

The FY 2003 request includes funding to support resettlement in Israel through a grant to the United Israel Appeal (UIA). This grant helps finance programs of the Jewish Agency for Israel that assist in the absorption into Israeli society of Jewish humanitarian migrants coming to Israel from the former Soviet Union and certain countries of distress. Because of an anticipated decline in the number of migrants to Israel in FY 2004 who would need such services, we have decreased our request for this program by \$10 million.

In FY 2002, the Administration conducted a Program Assessment Review Tool (PART) examination of the Refugees to Israel program. The review determined that the program purpose is clear, but there is a decreasing need for the program. The program consists of a grant to the United Israel Appeal, which is negotiated yearly. The program continues to work with the grantee in developing annual performance goals reflective of the program performance. Progress in strategic planning and development of goals has been accomplished in the recent past and efforts will be ongoing for further improvements in the future.

**MRA Administrative Expenses**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
MRA	16,000	16,000	18,500

The FY 2004 request of \$18,500,000 for administrative expenses provides the Bureau with the resources essential to manage effectively and responsibly \$800 million in 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 budget of \$18.5 million attempts to regularize expenses previously handled through special funding mechanisms. The FY 2004 request reflects an increase of \$2.5 million over FY 2002, although it remains only 2% of the total FY 2004 MRA request, the same percentage it was in FY 2002 and FY 2003. The increase is necessary primarily because in FY 2004 MRA will fund refugee coordinator positions and operating expenses in Kabul and Colombia as well as PRM's offices in the Balkans, which have previously been funded out of ERMA or a special Colombia appropriation. It also reflects mandatory increases in staff salaries and benefits.

Costs related to the small staff dedicated to international population policy management are included in the Department of State's Diplomatic and Consular Programs account.

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

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
ERMA	15,000	15,000	40,000

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 2004 request of \$40 million will provide the flexibility needed to respond to unexpected refugee and migration emergencies.

In FY 2002 and FY 2003 (as of January 15, 2003), a total of \$62.6 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).

Presidential Determination 2002-29: \$6.6 million

On August 30, 2002, \$4.5 million was authorized for contributions to the Office of the United Nations High Commissioner for Refugees and to the International Committee of the Red Cross to address unexpected urgent refugee and migration needs arising from the crisis in Liberia (\$4.5 million) and from the return of refugees to Sierra Leone (\$2.1 million).

Presidential Determination 2001-22 - Urgent Response Capacity (URC) Fund within ERMA. On August 2002, \$1.855 million of URC funds were used to respond to new refugee flows in Kenya (\$820,000) and new repatriation opportunities to Somalia (\$475,000) and to Angola (\$560,000).

Near East

Presidential Determination 2002-13:

On April 12, 2002, \$20 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 due to the crisis in the West Bank and Gaza.

Presidential Determination 2001-22 – Urgent Response Capacity (URC) Funds within ERMA. On December 2002, \$2.9 million of URC funds were used for a contribution to UNHCR’s Operational Reserve to meet emergency preparedness requirements

South Asia

Presidential Determination 2001-30: \$25 million

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

**MRA\ERMA Program Summary**  
(\$ in thousands)

	<b>FY 2002 Actual</b>	<b>FY 2003 Request</b>	<b>FY 2004 Request</b>
<b>Migration and Refugee Assistance</b>			
MRA Administrative Expenses	16,000	16,000	18,500
MRA Africa	187,500	187,500	209,070
MRA East Asia	15,625	15,500	14,260
MRA Europe	81,520	77,000	58,100
MRA Migration	15,132	15,700	16,500
MRA Multiregional Activities	56,000	56,000	55,657
MRA Near East	102,900	102,500	102,320
MRA Refugee Admissions	110,000	130,000	135,750
MRA Refugees to Israel	60,000	60,000	50,000
MRA South Asia	46,600	30,300	79,040
MRA South Asia ERF	100,000	-	-
MRA Western Hemisphere	13,723	14,500	21,000
<b>Total MRA</b>	<b>805,000</b>	<b>705,000</b>	<b>760,197</b>
<b>U.S. Emergency Refugee and Migration Assistance Fund</b>			
U.S. Emergency Refugee and Migration Assistance Fund	15,000	15,000	40,000
<b>Total ERMA</b>	<b>15,000</b>	<b>15,000</b>	<b>40,000</b>
<b>Total MRA/ERMA</b>	<b>820,000</b>	<b>720,000</b>	<b>800,197</b>

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

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
NADR	313,500	372,400	385,200
NADR-ERF	138,200	0	0
NADR-SUP	83,000	0	0

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 2004 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, 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 2004 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 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), and Counterterrorism Engagement with Allies. ATA provides technical training and equipment to assist foreign countries in protecting facilities, individuals, and infrastructure. A program assessment was completed for the ATA program and concluded that it is moderately effective. The ATA program was found to have a clear purpose, strategic planning, and good management. At the same time, the assessment noted that long-term performance measurement needs to be improved to gauge progress toward the ATA program's overall goals. 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. The FY 2004 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 2004, 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. As with the Humanitarian Demining Program, the SA/LW program promotes regional stability and minimizes threats to civilian populations by destroying excess stockpiles of weapons that fuel the international illicit arms market, in turn exacerbating regional and civil conflicts which claim thousands of lives and displace millions of civilians every year.

Individual NADR program justifications follow.

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

	<b>FY 2002 Actual</b>	<b>FY 2003 Request</b>	<b>FY 2004 Request</b>
<b>Nonproliferation Programs</b>			
Nonproliferation and Disarmament Fund	14,000	15,000	35,000
Export Control and Related Border Security Assistance	17,000	36,000	40,000
Export Control and Related Border Security Assistance - ERF	24,700	-	-
Science Centers/Bio Redirection	37,000	52,000	59,000
Science Centers/Bio Redirection - ERF	30,000	-	-
IAEA Voluntary Contribution	50,000	50,000	50,000
CTBT International Monitoring System	16,566	18,200	19,300
KEDO	90,500	75,000	-
OPCW Voluntary Contribution	2,000	-	-
<b>Subtotal - Nonproliferation Programs</b>	<b>281,766</b>	<b>246,200</b>	<b>203,300</b>
<b>Anti-Terrorism Programs</b>			
Anti-terrorism Assistance	39,434	64,200	106,400
Anti-terrorism Assistance - ERF	45,500	-	-
Anti-terrorism Assistance - SUP	73,000	-	-
Terrorist Interdiction Program	4,000	5,000	11,000
Terrorist Interdiction Program - ERF	4,000	-	-
Terrorist Interdiction Program - SUP	10,000	-	-
CT Engagement w/Allies	-	-	2,500
CT Engagement with Allies - ERF	3,000	-	-
Israel CT Assistance - ERF	28,000	-	-
<b>Subtotal - Anti-Terrorism Programs</b>	<b>206,934</b>	<b>69,200</b>	<b>119,900</b>
<b>Regional Stability &amp; Humanitarian Assistance</b>			
Humanitarian Demining Program	40,000	45,000	50,000
Humanitarian Demining Program - ERF	3,000	-	-
International Trust Fund	-	10,000	10,000
Small Arms/Light Weapons Destruction	3,000	2,000	2,000
<b>Subtotal - Regional Stability &amp; Humanitarian Assistance</b>	<b>46,000</b>	<b>57,000</b>	<b>62,000</b>
<b>Total</b>	<b>534,700</b>	<b>372,400</b>	<b>385,200</b>

**Nonproliferation and Disarmament Fund**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
NADR-NDF	14,000	15,000	35,000

The Nonproliferation and Disarmament Fund (NDF) permits the Department to respond quickly and effectively to unanticipated or unusually difficult nonproliferation requirements/opportunities by funding and executing specific projects. In FY 2004, funds are also requested under the NDF to provide programmatic and funding support for the new Dangerous Materials Initiative (DMI) described below.

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

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

During the past year, NDF has managed the removal of 50 kg of fresh HEU from an exposed location in Yugoslavia to Russia for down blending. It has destroyed 24 SS-23 warheads, missiles, launchers and associated support equipment; 47 SCUD warheads, launchers and support equipment; and 50 FROG rocket systems and support equipment. This eliminated the last of the SS-23 missile systems covered by the INF Treaty. In addition, its activities have focused on the acquisition of nuclear reactor components illegally destined for the Middle East and their subsequent return to the United States, provision and deployment of nuclear detection systems to Turkey, and continued deployment and development of the Tracker automated export control system. The Tracker system is being developed in cooperation with allies in Western and Central Europe. It is currently deployed in nine Central European countries. Western European deployments are scheduled to begin in 2004.

The Administration is requesting \$35 million for the NDF in FY 2004 to fund critical activities, both traditional NDF projects and pilot DMI undertakings. DMI is an effort to inventory, secure, and remove dangerous materials from insecure locations worldwide. Additional new requirements could include destroying conventional and possibly chemical weapons in sensitive areas such as the Middle East and the Balkans. An estimated breakdown of four key NDF activities in priority order follows.

**Traditional NDF Activities:** \$8.75 million for missile destruction, weapons destruction (both conventional and WMD), construction of a sodium reprocessing facility for the BN-350 reactor in Kazakhstan, conversion of reactors from HEU to LEU fuel, emergency interdiction support; confidence-building measures and other unanticipated opportunities.

**Tracker/Other Automated Systems:** \$8.75 million to enhance the Tracker automated export control system to better handle biological, chemical and radiological materials and expand its use geographically (e.g. South Asia and the Middle East).

Nuclear and Radiological: \$8.75 million to support a worldwide fissile materials protection initiative, retrieval and secure storage of lost radiological and fissile materials, and procurement of specific nuclear safeguards equipment.

Biological Weapons Terrorism Initiative: \$8.75 million to assist foreign governments to develop laws and regulations, inventory biological materials, and track the movement and secure existing stocks of biological materials.

To ensure that the NDF can continue to respond quickly to difficult challenges, the Administration requests that the NDF funding, as in previous years, be made available notwithstanding any other provision of law, that the funds appropriated remain available until expended, and that their use be authorized for countries other than the independent states of the former Soviet Union and international organizations when it is in the national security interest of the United States to do so. The NDF has traditionally expended 4.5% of its funds for administration and operational costs and requests a similar percentage for FY 2004.

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

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
NADR-EXBS	17,000	36,000	40,000
NADR-EXBS-ERF	24,700	0	0

A key tool in stemming the proliferation of weapons of mass destruction (WMD), their missile delivery systems, and other weapons is effective export controls and related border security. To meet this objective, the U.S. works to ensure that potential suppliers, countries along key transit routes, and countries with substantial volumes of transshipment trade have proper controls on transfers of arms, dual-use goods, and related technologies. These controls are designed to prevent transfers of such items to end-uses and end-users of proliferation concern, including rogue states and terrorist networks.

An integral part of this effort involves working to ensure that these countries have the capability to effectively enforce such controls, including the means and expertise to interdict illicit shipments of strategic trade items. The U.S. Export Control and Related Border Security Assistance (EXBS) program provides essential technical and material assistance to recipient countries to help them carry out these nonproliferation efforts. The EXBS program, drawing on expertise from a number of U.S. agencies and the private sector, assists governments in strengthening their export controls by improving their legal and regulatory framework, licensing processes, border control and investigative capabilities, outreach to industry, and interagency coordination.

For FY 2004, the Administration is requesting \$40 million to help strengthen other countries' export controls through the EXBS program. The program will continue its focus on potential WMD source countries, while expanding relatively new activities with potential source countries in South Asia and key transit/transshipment states along high-risk smuggling routes in the Balkans, the Middle East, and Southeast Asia. The EXBS program will also provide sophisticated detection equipment to the Baltic states, which have the political will and the legal basis to interdict WMD but have little of the enforcement equipment needed. In FY 2004, budgeted NADR export control assistance funds would be used in the following ways:

- \$6.7 million to strengthen the capabilities of potential source countries in the NIS -- Russia, Ukraine, and Kazakhstan -- which retain significant WMD materials and expertise from the Soviet era, to interdict illicit exports of weapons and related dual-use goods and technologies. Funds will assist recipient countries in enhancing enforcement capabilities and promoting industry compliance with national export laws.
- \$6.8 million to enhance border control security capabilities and build effective legal control in high-risk transit and smuggling routes from potential source countries that run through Central Asia and the Caucasus.
- \$2 million to tighten export controls in South Asia to ensure that India and Pakistan do not become a source for sensitive materials and technology to proliferators or potential terrorists.
- \$10.35 million to establish the legal/regulatory basis for export controls, and to provide enforcement training and detection equipment to prevent countries in Central and Eastern Europe, including those of the Balkans and the Baltics, from being sources or conduits for illicit WMD-related and arms transfers.

- \$4.28 million to fund programs in the Middle East, the Mediterranean, and Southeast Asia to improve national nonproliferation export control systems. These funds will support the establishment of viable legal and regulatory regimes, expand capabilities to interdict materials in transit, and provide equipment and training for enforcement personnel (customs officers, border guards, and others) on the procedures, techniques, and equipment that would increase identification and interdiction of WMD, missile delivery systems, other weapons, and related items.
- \$6.02 million to 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 operation of U.S.-provided equipment.
- \$2.6 million to support regional initiatives, including conferences, training, and equipment (e.g. data sharing network).
- \$850,000 for program administration for: contract support for database development and management, and accounts reconciliation; replacement, repair and maintenance of detection and imaging equipment; and costs associated with team visits, such as translators and transportation to border points.

A country and program breakout for the FY 2004 EXBS program follows. Further information on individual country programs may be found in the respective country narratives.

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

	<b>FY 2002 Actual</b>	<b>FY 2003 Request</b>	<b>FY 2004 Request</b>
<b>Africa</b>			
South Africa	-	-	50
<b>Subtotal - Africa</b>	-	-	<b>50</b>
<b>East Asia and the Pacific</b>			
Southeast Asia Regional Funds	-	-	700
Malaysia	150	300	100
Thailand	70	50	1,500
Vietnam	20	50	50
<b>Subtotal - East Asia and the Pacific</b>	<b>240</b>	<b>400</b>	<b>2,350</b>
<b>Europe and Eurasia</b>			
NIS Regional Export Controls	500	500	1,400
Albania	-	140	300
Armenia	600	1,850	1,000
Azerbaijan	500	1,850	1,500
Azerbaijan ERF	3,000	-	-
Bosnia and Herzegovina	-	30	600
Bulgaria	410	730	500
Croatia	40	90	750
Cyprus	55	260	300
Czech Republic	200	400	-
Estonia	68	100	1,750
Federal Republic of Yugoslavia	-	100	750
Hungary	240	270	-
Kazakhstan	655	1,750	2,200
Kazakhstan ERF	2,000	-	-
Kyrgyz Republic	-	1,200	1,400
Latvia	1,113	1,400	1,800
Lithuania	748	920	1,800
Macedonia	180	190	300
Malta	119	480	100
Moldova	-	2,320	1,000
Poland	300	600	-
Romania	275	560	600
Russia	1,500	3,980	3,000
Slovakia	407	700	300
Slovenia	350	550	300
Tajikistan	-	50	300
Tajikistan ERF	7,500	-	-
Turkey	1,000	600	600

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

	<b>FY 2002 Actual</b>	<b>FY 2003 Request</b>	<b>FY 2004 Request</b>
Turkey ERF	1,200	-	-
Turkmenistan	-	50	200
Turkmenistan ERF	7,000	-	-
Ukraine	800	2,620	1,500
Uzbekistan	300	1,200	1,400
Uzbekistan ERF	4,000	-	-
<b>Subtotal - Europe and Eurasia</b>	<b>35,060</b>	<b>25,490</b>	<b>25,650</b>
<b>Near East</b>			
Egypt	50	135	250
Jordan	745	250	750
Oman	20	100	100
Saudi Arabia	30	80	80
United Arab Emirates	350	350	250
Yemen	50	150	100
<b>Subtotal - Near East</b>	<b>1,245</b>	<b>1,065</b>	<b>1,530</b>
<b>South Asia</b>			
Afghanistan	-	-	250
India	800	1,750	1,000
Pakistan	100	-	1,000
<b>Subtotal - South Asia</b>	<b>900</b>	<b>1,750</b>	<b>2,250</b>
<b>Western Hemisphere</b>			
WHA Regional	-	-	50
Panama	-	-	50
<b>Subtotal - Western Hemisphere</b>	<b>-</b>	<b>-</b>	<b>100</b>
<b>Global</b>			
Export Control Program Administration	445	500	650
Export Control Regional Advisors	2,580	5,895	6,020
NADR Regional Export Controls	1,030	900	1,200
Program Equipment	-	-	200
Regional Advisors Training	200	-	-
<b>Subtotal - Global</b>	<b>4,255</b>	<b>7,295</b>	<b>8,070</b>
<b>Total</b>	<b>41,700</b>	<b>36,000</b>	<b>40,000</b>



**Science Centers/Bio Redirection**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
NADR-SC	37,000	52,000	59,000
NADR-SC-ERF	30,000	0	0

Note: FY 2002 includes a one-time transfer of unobligated DOD funds to the NADR account for the Bio-Redirection program as part of the FY 2002 Emergency Response Funds appropriation.

Funding for the Science Centers and Bio-Chem Redirection programs finances civilian research by former Soviet weapons scientists as an alternative to providing weapons of mass destruction (WMD) and missile expertise to terrorist networks or proliferant states. The Science Centers program operates from two headquarters in Moscow and Kiev under international agreements, with financial support from the United States, Canada, the European Union, Japan, Norway, and South Korea, and increasing industry financial support. The Centers focus on all categories of former Soviet WMD scientists - nuclear, chemical, biological, and missile - located in the ten independent republics of the former Soviet Union that are currently participants in the program: Russia, Ukraine, Belarus, Kazakhstan, Uzbekistan, the Kyrgyz Republic, Armenia, Georgia, Azerbaijan and Tajikistan.

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

The Bush Administration's assistance to Russia review recommended an additional effort to engage CW expertise modeled after the bioengagement program. In response to this recommendation, we are supporting engagement efforts using Science Center resources. We have initiated collaborative projects through the ISTC and support scientific exchange visits and other activities. We anticipate that a limited number of chemical facilities will be involved in the BioIndustry initiative. The FY2004 request would allow further expansion to engage scientists and expertise associated with the FSU CW program.

In the post-September 11 environment, there is increased concern that rogue states and terrorists may attempt to procure WMD expertise, material or technology from individuals and facilities in the former Soviet Union, many of which continue to suffer economically. These two programs respond directly to that concern. For FY 2004, the Administration is requesting \$59 million to sustain existing Science Center activities.

## **Science Centers**

This program has evolved from its initial “stop-the-brain-drain” strategy for weapons scientists to a program supporting the long-term civilian transition of former Soviet WMD scientists to sustainable endeavors in applied and basic scientific research and technology development. In addition to engaging almost 50,000 scientists and engineers since 1993, the program has supported nearly 2,000 scientific research and technology development projects, along with patent and technology commercialization support, western-style professional and business management training through regional training centers, communication technology upgrade support, and travel support. One objective is to give scientists and engineers the opportunity to form long-term research relationships and industrial partnerships, leading to self-sustainability and integration into the international scientific community. Budgeted FY 2004 funds would allow the Science Centers to:

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

## **Bio-Chem Redirection**

The program originated with one Russian institute, now involves some 40 institutes across Eurasia, and continues to engage additional institutes and to start new project work. In consultation with other USG agencies involved, the Department of State provides overall program coordination and policy guidance, and also provides funds to support program activities carried out by the Departments of Health and Human Service, Agriculture, and the Environmental Protection Agency. The involvement of other USG agencies, including Defense, Energy, DHHS, USDA, and EPA, provides technical and scientific expertise otherwise unavailable to State. Through a FY 2002 one time transfer of \$30 million from DOD, the State Department began the BioIndustry Initiative which focuses on the redirection of former BW production facilities toward peaceful uses and accelerated drug and vaccine development.

The initiative aims to facilitate Russian-U.S. industry partnerships within the area of biotechnology and seeks to further develop elements of the infrastructure required to support a Russian biotechnology industry, while providing former weapon scientists an opportunity to move toward longer-term self-sustainability through civilian employment. In FY 2004, the budget for the Bio-Redirection program would continue to support nonproliferation activities with:

- DHHS/Biotechnology Engagement Program (BTEP) to support individual and regional projects primarily in Russia, and program management, oversight and audits. Specific activities may

include infectious disease research projects; scientist exchanges; good laboratory, manufacturing, and clinical practices training; regional field epidemiology training; facility upgrades; and emergency response exercises for biological hazards.

- USDA/Agricultural Research Service (ARS) Collaborative Research in Biotechnology program to support individual and regional research projects in plant and animal disease detection, characterization, monitoring and prevention, in addition to program management, oversight and audits primarily in Russia and Central Asia. The program also will fund the continued literature access of five Russian institutes through the USDA's National Agricultural Library database.
- EPA to support individual and regional projects primarily in Russia and Central Asia and program management, oversight and audits. The highest priority is the environmental monitoring laboratory in Stepnogorsk, Kazakhstan. Additional EPA activities include engaging former weapons scientists in detoxification, bioremediation, and phytoremediation projects; and collaboration on projects including PCB contamination, chemical destruction, the development of Acute Exposure Guideline Levels (AEGLs) for hazardous chemicals, and environmental contamination.
- The BioIndustry Initiative to support individual and regional activities, program management, oversight and audits. Specific activities may include: business and marketing plan development, identification of potential products, asset characterization workshops, aiding with the industry pairing and commercialization of Russian research, and assisting in the development and implementation of a Russian Bioconsortium.

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

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
NADR-IAEA	50,000	50,000	50,000

The Non-Proliferation Treaty (NPT) is the bedrock of our nuclear nonproliferation strategy. To buttress the NPT, the United States works 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 the presence and use of nuclear material worldwide and provides assurance that it is not diverted to make nuclear weapons. IAEA safeguards serve both as an essential barrier against the spread of nuclear weapons and as a first line of defense against nuclear terrorism. In addition, the IAEA's expanding nuclear security programs will help states around the world improve their ability to protect nuclear material 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.

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 voluntary contribution would go for 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 and facilities) and nuclear safety programs. Since September 11, 2001 we have shifted an increasing share of voluntary contribution funds toward safeguards, safety and security, accelerating the trend since 1998, when the share was just 40%. For FY 2004, the Administration is requesting \$50 million for voluntary contributions to the IAEA. The IAEA has proposed an increase in its safeguards budget beginning in 2004, and this may permit some shift in extrabudgetary funding from safeguards equipment to meet growing needs in safety and security.

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

In 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 contributions to date total about \$12 million dollars, the bulk of which is from the United States. These funds support IAEA efforts to combat nuclear terrorism; the IAEA is developing and enhancing international standards and providing training and assistance on all aspects of the problem. This includes training in physical protection techniques, assessment of security measures at specific nuclear facilities, and combating nuclear smuggling.

The FY 2004 request will address these critical needs, including activities designed to counter nuclear terrorism, implement strengthened safeguards, develop advanced safeguards technology and procedures,

confront unique safeguards challenges, combat nuclear smuggling, and strengthen nuclear safety measures in Eastern European and Eurasian States.

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

Specific projects planned for FY 2004 include:

- Providing expert assistance and other support to expand international missions to assess the adequacy of physical protection measures in place at nuclear installations worldwide (known as International Physical Protection Advisory Services) to help counter the threat of nuclear terrorism;
- Developing improved techniques for safeguarding spent fuel, particularly by reducing the demands on inspectors in safeguarding transfers of spent fuel to dry storage;
- Installing unattended radiation monitoring equipment in critical nuclear fuel cycle facilities (e.g. reprocessing and spent fuel conditioning facilities), and replacing obsolete surveillance systems with modern digital systems worldwide;
- Replacement of the IAEA's obsolete mainframe-based safeguards database with a modern client-server network integrating the expanding variety of information used in strengthening safeguards;
- 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 that do not accept the Additional Protocol;
- Strengthening quality control and detection capabilities at the Safeguards Analytical Laboratory, particularly in the analysis of environmental samples;
- Analyzing environmental samples from safeguards inspections to detect signatures of possible undeclared nuclear activities and materials; and
- Improving reliability of safeguards equipment by strengthening quality control and testing procedures.

### CTBT International Monitoring System

(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
NADR-CTBT	16,566	18,200	19,300

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

In 2000, the first 11 IMS stations were certified as meeting agreed specifications for performance and reliability. In 2001, another 12 stations were certified, including seismic stations in France, Iran, Norway, Spain, and the United States and a second hydrophone station in the Indian Ocean. In 2002, another 23 stations were certified, including seismic stations in Kazakhstan, Kenya, and Ukraine. This brings the total of certified stations to 46, or 14% 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 2004 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 2002 Actual	FY 2003 Request	FY 2004 Request
NADR-ATA	39,434	64,200	106,400
NADR-ATA-ERF	45,500	0	0
NADR-ATA-SUP	73,000	0	0

The Antiterrorism Assistance (ATA) Program is one of the world's preeminent providers of antiterrorism training, equipment, and advice to foreign countries. ATA bolsters the skills and abilities of foreign law enforcement and security officials who have primary responsibility in their nations for taking decisive action against international terrorist cells and networks that seek to target U.S. citizens and interests overseas and at home. These officials also have the primary responsibility for responding to and mitigating the impact of terrorist attacks that occur in their nations. As such, ATA directly enhances the security of U.S. citizens and interests at home and abroad.

Since the attacks of September 11, 2001, the ATA program has received additional funding in two major supplemental appropriations. These funds are being used to expand ATA's role as the primary U.S. Government provider of antiterrorism training and equipment to the law enforcement organizations of allied nations needing assistance in the War on Terrorism. The funds enable implementation of a three-part assistance strategy:

- expanding the scope and volume of existing U.S.-based training capabilities;
- initiating new in-country programs in participant nations critical to the attainment of U.S. policy objectives; and
- adding flexibility to the program to respond rapidly and effectively to demands whenever and wherever they occur.

The program strives not only to enable recipient nations to fight terrorism by establishing a highly credible "first line of defense" for U.S. citizens, embassies, and facilities overseas, but also to do so in a manner that defends the U.S. homeland from terrorist plotting initiated abroad. The U.S. has made great progress in building the international will to act in concert against terrorism, but many governments that strive to eliminate terrorism in their own nations do not have the capability to act effectively in the law enforcement and security fields. ATA is a key element in building the capacity of many of our coalition partners to respond to and take strong decisive action against terrorism.

For the FY 2004 programs, ATA will sustain an augmented effort aimed at the "southern crescent" of terrorism, which extends from East Asia through Central and South Asia to the Middle East and into particularly vulnerable African countries. These priority regions and countries are identified through intelligence analyses as the highest actual and potential threat areas. The bulk of projected ATA training in FY 2004 is planned for the front-line states – countries that represent the most vulnerable sites for terrorist infiltration, transit, and activities. Funding also supports program management, including travel, translations, use of training facilities and related space, transportation of equipment items, and various other administrative expenses for ongoing, new, and expanded initiatives. These core training and support programs are budgeted at \$63.2 million for FY 2004.

The requested increase (\$43.2 million) in the ATA program request will provide for the development and initial implementation of new courses, continuation of in-country training programs, equipment grants, and mobile emergency training.

For the FY 2004 budget, the ATA program was reviewed using the Administration's Program Assessment and Rating Tool. The overall rating for the program was "moderately effective." The assessment found that the ATA program does teach effective ways to counter terrorist threats and generally meets its annual performance goals. However, the program's long-term goals do not have performance indicators or other long-term targets.

Additional findings include:

- The events of September 11th have compelled the Department to improve strategic planning and to expand the program's capacity to provide on-site training.
- Courses covering such areas as airport security, bomb detection, hostage rescue, and crisis management have been expanded to cover new training needs including weapons of mass destruction (WMD) incident response.
- The program collects information relating to achievement of program mission and allocates resources to specific country program activities. Spending is monitored to make sure there are no improper payments. ATA program plans are constantly reviewed in the context of new priorities as outlined by the Secretary of State's Coordinator for Counter-Terrorism.
- The ATA program is establishing quantifiable measures for its training programs.

In response to these findings, the FY 2004 budget proposes a funding level that will allow the program to continue all training programs currently underway and to expand courses to new functional areas that respond to the evolving terrorist threat. In addition, the Department will improve long-term performance measurement and establish measures to gauge progress toward long-term goals.

#### **Development and Initial Implementation of New Courses - (\$8.8 million)**

ATA will develop the following courses in order to meet evolving terrorist threats and critical training needs as evidenced by recent international terrorist incidents: Coordinated, large-scale Practical Exercises which measure the application and sustainment of ATA sponsored courses; Firearms Instructor; a three-course Anti-kidnapping program; and Hospital Emergency Room Intake Management as part of the Weapons of Mass Destruction (WMD) Preparedness effort.

#### **Continuation of In-Country Training Programs - (\$19.4 million)**

During FY 2003, major counterterrorism training programs will be initiated in Afghanistan, Pakistan, and Indonesia using FY 2002 supplemental appropriation funds. The funding requested for these programs is essential to achieve the intended level of counterterrorism capabilities in each nation, and to ensure their ability to sustain these capabilities independently in the long-term.

*Afghanistan (\$10.4 million):* In FY 2003, ATA is working to create a Presidential Protective Service to provide first echelon personal security for Afghan President Karzai while the U.S. provides presidential protection in the interim. Although we anticipate this phase will be completed within one year, FY 2004 funding is needed to provide any follow on support and begin to construct and provide an ATA sustainment program. ATA will utilize the newly created train-the-trainer program while continuing to provide training to advance the skills of the Afghan special agents. The comprehensive program will consist of two simultaneous phases of administration and management plus advanced operational training. This training is designed to provide increased infrastructure and stability to the new service. In addition, ATA is prepared to provide counterterrorism training packages from within its standard training program. These courses are primarily designed for senior police management and administrative personnel.



*Pakistan (\$5 million):* Funding is needed 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 the units are fully trained and equipped. ATA will provide the units 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 DS/ATA trainers in-country, the Pakistani Government, and assessments conducted by DS/ATA personnel. The funding is essential to achieving the intended level of counter-terrorism capabilities in Pakistan and ensuring their ability to sustain those capabilities independently in the long-term.

*Indonesia (\$4 million):* FY 2004 funding will provide for the continued training of a civilian-led police unit created to combat terrorism in Indonesia, an area of primary concern where domestic, regional, and international terrorists may transit or operate. Mission-specific training and start-up equipment are currently being provided to the unit to respond to and investigate acts of terror anywhere in Indonesia. The additional funding will provide the unit with mission-specific training identified by the DS/ATA trainers in-country, the Indonesian Government, and assessments conducted by DS/ATA personnel. The funding is essential to achieving the intended level of counter-terrorism capabilities in Indonesia and ensuring their ability to sustain those capabilities independently in the long-term.

#### **Equipment Grants – (\$5.3 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 only academic exercises.

#### **Mobile Emergency Training Teams (METT) – (\$10 million)**

In the immediate post-9/11 environment, ATA program participant nations with very limited security personnel were increasingly compelled to either not send, or quickly withdraw, their students from training to respond to operational crises. In response to that dilemma, ATA developed the METT concept as a means to rapidly deliver in-country training in critical security skills: VIP protection; bomb squad; and Crisis Response Team operations. Although the initial supplemental appropriation funding for METT was entirely reprogrammed for establishment of the Presidential Protective Service for Afghan President Karzai, the critical need remains as originally justified and funded.

**Anti-terrorism Assistance**  
(\$ in thousands)

	<b>FY 2002 Actual</b>	<b>FY 2003 Request</b>	<b>FY 2004 Request</b>
<b>Training</b>			
Afghanistan	1,434	-	10,400
Afghanistan - ERF	15,000	-	-
Afghanistan - SUP	20,000	-	-
Africa	2,280	5,296	4,906
Africa - ERF	359	-	-
Colombia - SUP	25,000	-	-
East Asia and the Pacific	2,826	2,366	5,656
East Asia and the Pacific - ERF	2,646	-	-
Europe and Eurasia	9,609	17,517	19,051
Europe and Eurasia - ERF	10,057	-	-
Indonesia	-	-	4,000
Indonesia - SUP	8,000	-	-
Mobile Emergency Training Team	-	-	10,000
Near East Asia	6,437	9,012	13,087
Near East Asia - ERF	4,835	-	-
Pakistan	-	-	5,000
Pakistan - SUP	10,000	-	-
South Asia	4,575	9,867	5,219
South Asia - ERF	2,307	-	-
Western Hemisphere	2,377	8,442	2,297
Western Hemisphere - ERF	154	-	-
WMD Preparedness Program	1,000	1,000	-
WMD Preparedness Program - ERF	1,000	-	-
<b>Subtotal - Training</b>	<b>129,896</b>	<b>53,500</b>	<b>79,616</b>
<b>Program Administration</b>			
New Course Development	674	-	2,184
New Course Development - ERF	4,117	-	-
Program Equipment	-	-	5,300
Program Management	8,222	10,700	19,300
Program Management - ERF	5,025	-	-
Terrorist Financing - SUP	10,000	-	-
<b>Subtotal - Program Administration</b>	<b>28,038</b>	<b>10,700</b>	<b>26,784</b>
<b>Total</b>	<b>157,934</b>	<b>64,200</b>	<b>106,400</b>

**CT Engagement w/Allies**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
NADR-CTE	0	0	2,500
NADR-CTE-ERF	3,000	0	0

**Counterterrorism Senior Official Policy Workshop - \$2,000,000**

The Counterterrorism (CT) Senior Official Policy Workshops ("Workshop") improve the capability of the U.S. and interested friendly governments to effectively respond to Weapons of Mass Destruction (WMD) terrorist incidents overseas. Because the U.S. relies on its foreign partners to protect U.S. citizens and interests overseas, the Workshop enhances the security of U.S. citizens and interests abroad.

The Workshop is part of the U.S. Counterterrorism Preparedness Program, designed to engage senior officials and WMD Technical Experts at the strategic, policy-level. The Workshops draw from lessons learned and materials developed for the U.S. domestic preparedness programs to increase senior host nation officials' awareness of the complexities of preventing and effectively mitigating a terrorist incident. The Workshops also attempt to garner senior host nation officials' support for follow-on first responder training offered by the State Department's Anti-terrorism Assistance Program, which provides the necessary training, technologies, and procedures to improve the country's overall operational capabilities to prevent, and respond to terrorist incidents. Workshops have previously been funded within the ATA budget at approximately \$1 million annually.

In the aftermath of September 11th, the interagency identified 51 countries as counterterrorism priority countries that have a vulnerability to WMD terrorism. To date, Workshops have been completed in 18 countries with over 700 senior officials from CT priority states participating in the program. In light of the 33 Tiered-List countries remaining, all of the FY 2004 request would advance the completion of workshops in CT priority countries.

FY 2004 funds would be dedicated to conducting Workshops in ten CT priority countries: Greece (three Workshops focusing on 2004 Olympic Security), Pakistan, Saudi Arabia, Oman, Ethiopia, Indonesia, Mexico, and Brazil. Funding provides for a needs assessment by the Workshop team, translation and interpretation services, and the conduct of the Workshop.

**Bilateral and Multilateral Engagements - \$500,000**

Bilateral and multilateral engagements are critical to building and sustaining the international coalition against terrorism. As part of this effort, the Department conducts several multilateral conferences per year that bring together senior officials from key regions of the world to discuss a range of CT issues and open the channels of communication among counterparts. In addition, the Department conducts numerous bilateral engagements at which U.S. officials and their foreign counterparts further their specific CT goals and priorities, share concerns, and overcome challenges.

The Department's CT Conference with Central Asia and the Caucasus conducted in July 2001 proved to be an invaluable engagement with the Central Asian countries that only months later found themselves on the front lines in the Global War On Terrorism. The Department's Southeast Asia Conference, held in August 2002, increased the political will of those governments to act against terrorism, which resulted in increased arrests of members of the terrorist group Jemaah Islamiyah (JI) throughout Southeast Asia.

Important bilateral engagements such as the U.S.-Pakistan Joint Working Group and the U.S.-India Joint Working Group resulted in direct FBI in-country follow-up to restart cases that were previously stalled in those countries. The U.S.-China Joint Working Group resulted in China agreeing to the establishment of an FBI Legal Attaché Office in Beijing.

FY 2004 funding will enable the Department to continue these important engagements and expand its dialogue to other regional organizations, such as the South Africa Development Community, and to countries, such as Japan.

**Terrorist Interdiction Program**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
NADR-TIP	4,000	5,000	11,000
NADR-TIP-ERF	4,000	0	0
NADR-TIP-SUP	10,000	0	0

Securing America's borders begins at the borders of our friends and allies overseas. September 11th demonstrated the importance of preventing terrorists from crossing international borders to stage attacks. The Terrorist Interdiction Program (TIP) bolsters the border security of countries at a high-risk for terrorist transit by providing them with a computer database system that allows their border control officials to quickly identify and detain or track suspect persons attempting to cross their borders. By assisting countries to better control their borders, TIP enhances the security of Americans both at home and abroad.

TIP is a joint program that installs and maintains the Personal Identification Secure Comparison and Evaluation System (PISCES) in selected points of entry in a participating country. PISCES is a database system that provides border control officials with the tools that allow them to quickly identify individuals of interest. The system provides a high-speed secure connection from the country's centralized data bank of suspects, located in the appropriate government agency, to points of entry where PISCES is installed. This allows border control officials to check passports quickly and accurately for purposes of identifying terrorist suspects. Officials can also use PISCES to quickly retrieve information on persons who may be trying to hastily depart a country after a terrorist incident. Funding for TIP will also be used to provide training for immigration officials to use the system to collect, compare and analyze data that can be utilized to arrest and investigate suspects.

In the aftermath of September 11th, the list of countries identified as potential recipients of the program increased from 34 to 60. These 60 countries were identified by the interagency as counterterrorism priority countries that have known terrorist nodes, are key international transit points, and have the political will to cooperate. In addition, the scope of the TIP expanded from a program that installed the system in one to two international airports to a comprehensive program that aims to install in all significant border points.

For FY 2004, the Department will install TIP in up to ten new countries in North and East Africa, the Western Hemisphere, the Middle East, and South and East Asia, as well as maintain installations in South Asia and the Middle East. Funding also supports program management and other various administrative expenses.

### Humanitarian Demining Program (\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
NADR-HD	40,000	45,000	50,000
NADR-HD-ERF	3,000	0	0

The U.S. Humanitarian Demining Program seeks to relieve human suffering caused by landmines and unexploded ordnance (UXO) while promoting U.S. foreign policy interests. Program objectives are to reduce civilian casualties, to create conditions for the safe return of refugees and internally displaced persons (IDPs) to their homes, and to support affected countries' stability by restoring agricultural land and infrastructure. This reduces the impact of landmines and UXO on a countries' socio-economic development. The United States furthers these objectives by supporting mine action projects and by helping to develop indigenous mine action capabilities in mine-affected nations, where appropriate.

The FY 2004 request for \$50 million demonstrates a continued U.S. commitment to foster a world that is safe from landmines. Since 1993, the United States has contributed more than \$600 million from Department of State, Department of Defense and U.S. Agency for International Development sources to support mine action activities in over forty countries. NADR Humanitarian Demining Program funding is being requested for 22 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. In 2002, the UN Mine Action Program for Afghanistan (MAPA) reports that clearance operations returned to 100 percent of their previous capacity and that MAPA-coordinated efforts cleared 23,825,611 square meters of high priority area in the first quarter alone.
- **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. To date, Azerbaijani deminers have cleared more than 981,000 square meters of land and destroyed more than 1,300 mines and pieces of UXO.
- **Cambodia:** The Cambodia Mine Action Center has a fully trained staff of over 2,000 Cambodians. From 1992 to June 2002, they cleared some 97,662,889 square meters of land, destroyed over 159,000 landmines and over 680,627 pieces of UXO.
- **Honduras:** Since 1993, U.S. trained Honduran deminers have cleared approximately 333,000 square meters of land and destroyed more than 2,200 land mines. Honduras is expected to declare itself impact free by the end of 2003.

- Mozambique: In August 2002, mine clearance of the Sena rail line was completed, allowing Mozambique to begin rail line restoration. The restored rail line will open large areas of the Zambezi River Valley for development.
- Quick Reaction Demining Force (QRDF): In FY 2002, the QRDF had two highly successful deployments. In Sri Lanka, the QRDF cleared nearly 123,000 square meters of land, located on the Jaffna Peninsula, thus allowing the resettlement of a large portion of the 800,000 IDPs. In Sudan, the QRDF opened eight kilometers of a critical stretch of road in support of the Nuba Mountain Ceasefire Accord.

## **Country Programs**

The FY 2004 request will sustain and expand existing U.S. demining efforts in those countries most severely affected by landmines (Afghanistan, Angola, Cambodia, Sri Lanka and Vietnam). It will also permit expansion into several additional landmine-affected countries, with potential new participants including Colombia, Iraq, Tajikistan, Sudan, and the Democratic Republic of Congo and other mine-affected countries in support of the Global War on Terror (GWOT). Provision of assistance is based on a careful assessment of both the socio-economic impact of landmines in a particular nation and on the overall U.S. humanitarian objectives reflected in the National Security Strategy. 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. The OAS/IADB Demining funding line and activity description has been changed in FY 2004 to include Ecuador and Peru as well as Central America.

## **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. Funds will be used to support preliminary assessments as well as new and ongoing landmine surveys.
- Crosscutting Initiatives: These funds support: 1) mine risk education awareness projects, 2) programs to increase data and information exchange among the global demining community, and 3) the Quick Reaction Demining Force (QRDF) which is available for deployment on an emergency basis worldwide.
- Research & Training: These funds support: 1) non-technical research on mine action issues such as research into the conditions under which mine detection dogs are most useful; and 2) training to develop indigenous mine action capacity, including management training of senior and middle managers of national mine action staff.

## **Administrative Expenses**

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.

**Humanitarian Demining Program**  
(\$ in thousands)

	<b>FY 2002 Actual</b>	<b>FY 2003 Request</b>	<b>FY 2004 Request</b>
<b>Africa</b>			
Angola	2,800	3,500	5,300
Chad	350	350	650
Djibouti	404	250	-
Eritrea	1,602	1,100	1,000
Ethiopia	1,275	1,000	300
Mauritania	-	200	100
Mozambique	2,110	3,010	1,750
Namibia	65	90	150
Nigeria	1,449	-	-
Rwanda	350	450	-
Somalia	1,200	1,200	1,300
Zambia	816	700	300
Zimbabwe	-	270	-
<b>Subtotal - Africa</b>	<b>12,421</b>	<b>12,120</b>	<b>10,850</b>
<b>East Asia and the Pacific</b>			
Cambodia	2,290	3,020	3,000
Laos	1,328	1,200	1,700
Thailand	650	-	-
Vietnam	1,500	1,700	1,600
<b>Subtotal - East Asia and the Pacific</b>	<b>5,768</b>	<b>5,920</b>	<b>6,300</b>
<b>Europe and Eurasia</b>			
Armenia	1,200	750	-
Azerbaijan	1,380	1,380	1,800
Estonia	200	-	-
Georgia	1,100	1,100	2,100
<b>Subtotal - Europe and Eurasia</b>	<b>3,880</b>	<b>3,230</b>	<b>3,900</b>
<b>Near East</b>			
Jordan	850	750	500
Lebanon	1,200	900	900
Oman	495	50	-
Yemen	750	765	750
<b>Subtotal - Near East</b>	<b>3,295</b>	<b>2,465</b>	<b>2,150</b>



**Humanitarian Demining Program**  
(\$ in thousands)

	<b>FY 2002 Actual</b>	<b>FY 2003 Request</b>	<b>FY 2004 Request</b>
<b>South Asia</b>			
Afghanistan	4,000	-	8,300
Afghanistan ERF	3,000	-	-
Sri Lanka	-	-	1,600
<b>Subtotal - South Asia</b>	<b>7,000</b>	<b>-</b>	<b>9,900</b>
<b>Western Hemisphere</b>			
OAS/IADB Demining	1,695	1,100	3,000
Ecuador	370	250	-
Peru	225	175	-
<b>Subtotal - Western Hemisphere</b>	<b>2,290</b>	<b>1,525</b>	<b>3,000</b>
<b>Global</b>			
Demining Mine Surveys	3,284	5,070	3,000
Demining Administrative Expenses	500	675	900
Demining Crosscutting Initiatives	3,962	5,740	4,975
Demining New Country Programs	-	6,730	3,500
Demining Research and Training	600	1,525	1,525
<b>Subtotal - Global</b>	<b>8,346</b>	<b>19,740</b>	<b>13,900</b>
<b>Total</b>	<b>43,000</b>	<b>45,000</b>	<b>50,000</b>

**International Trust Fund**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
NADR-ITF	0	10,000	10,000

The program in support of the International Trust Fund (ITF) for Demining and Mine Victims' Assistance is a special component of the U.S. Humanitarian Demining Program (HDP). 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.

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 per square meter cleared in Bosnia and Herzegovina and in Croatia from \$1.80 to \$1.39, and from \$1.86 to \$1.19, respectively, since 1999.
- The clearance of 27,550,123 square meters of land in five Balkan countries from 1999 to July 2002.
- 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, and in FY 2002 another \$14 million was appropriated. This \$42 million, though appropriated to the Department of Defense, was administered by the State Department. As of July 2002, all these funds had been provided to the ITF to match other donor contributions, thus effectively doubling donor contributions. In FY 2003, the source of US Government funding for the ITF was shifted from the Department of Defense to the State Department since the State Department had a history of administering the funding and since ITF activities correspond to those of the NADR-funded Humanitarian Demining Program.

The FY 2004 request for \$10 million will continue matching dollar-for-dollar the contribution of other international donors. In 2002, the ITF operated in Albania, Bosnia and Herzegovina, Croatia, the Federal Republic of Yugoslavia 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 2002 Actual	FY 2003 Request	FY 2004 Request
NADR-SALW	3,000	2,000	2,000

Destroying surplus and illicit stocks of military small arms/light weapons (SA/LW) and associated ammunition supports U.S. national interests in promoting regional stability, minimizing threats to civilian populations, combating crime, rebuilding post-conflict societies, and protecting U.S. and allied forces deployed overseas. Large Cold War surplus stocks in Eastern Europe, Latin America, and Southeast Asia, often poorly secured and susceptible to theft or illicit transfer, have become a major source of arms on the global black market. 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, 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 is relatively inexpensive and can generally be accomplished using locally available infrastructure and personnel, the program offers large dividends in threat reduction for a modest investment and complements the war on terrorism. The FY 2004 NADR/SALW request addresses priority SA/LW destruction needs worldwide.

In Albania, authorities continue to collect weapons. Over 100,000 weapons have been destroyed in the past two years through the combined assistance of the U.S., Norway and Germany, enhancing regional stability and preventing leakage into Kosovo and Macedonia. Through the EAPC/PfP Trust Fund project, the U.S. (using FY 2002 funds) along with several of our NATO allies are supporting the destruction of over 5000 tons of poorly secured ammunition.

Eight years after the Dayton Accords, Bosnia and Herzegovina (BiH) is consolidating and drawing-down the two entity forces. The resulting surplus SA/LW -- estimated to be in the hundreds of thousands -- poses a threat to continued stabilization of the country and the region. The international community can seize this opportunity to support destruction as a concrete contribution to rebuilding this war-torn society.

A source for gray market transfers to almost every conflict zone in the world, Bulgaria is struggling to control the proliferation of its enormous surplus -- a result of its military draw-down and Cold-War legacy as one of the largest Warsaw Pact arms producers. Approximately 78,000 weapons and over 800,000 pieces of ammunition were destroyed with FY 2001 funds and an additional 25,000 SA/LW and associated ammunition will be destroyed with FY 2002 funds. Partnering with other donors through the Stability Pact, we intend to continue our support in FY 2004.

Romania, like Bulgaria, will continue to downsize its military leaving enormous surplus of SA/LW that could easily fall onto the illicit market. We committed just over a million dollars in FY 2002 for the destruction of 195,000 SA/LW and 36,000,000 rounds of associated ammunition. The UK, Norway, and the Netherlands have joined us in our efforts to eradicate excess SA/LW and ammunition stocks in Romania.

As a result of its civil war in the 1980s, Nicaragua still has excess SA/LW at risk of leaking into other conflicts in Latin America as well as into Africa and the Middle East. In FY 2004, we hope to build upon destruction efforts we plan to begin in FY 2003.

In anticipation that peace talks between the Government of Sri Lanka and the LTTE will lead to lasting peace, we need to have SA/LW destruction funds readily available to support the demobilization and demilitarization efforts. Although exact quantities of weapons are not yet identified, we expect to begin a destruction project in FY 2004.

Awash in excess SA/LW since the end of the Cold War, Ukraine has proven to be a source of arms being transferred to embargoed groups and governments in Africa and South America. NATO/PfP authorities have identified over 1.5 million excess SA/LW and over 133,000 tons of unsafe and unserviceable ammunition in Ukraine. A Greek-led effort to support destruction through the PfP Trust Fund is expected to cost approximately \$11 million. We expect an initial U.S. contribution to this effort in FY 2003 with additional funds in FY 2004.

Lastly we are setting aside funding for a U.S.-hosted conference during FY 2004 in advance of the major UN SA/LW Review Conference in 2006. A U.S.-hosted conference will provide an opportunity to assert U.S. leadership on multilateral diplomatic initiatives relating to the illicit trade in SA/LW and allow us to shape the international agenda in ways favorable to U.S. interests.

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

	<b>FY 2002 Actual</b>	<b>FY 2003 Request</b>	<b>FY 2004 Request</b>
<b>Africa</b>			
Angola	70	-	-
Guinea	103	-	-
Guinea-Bissau	-	200	-
Mozambique	149	120	-
Senegal	92	-	-
Sierra Leone	-	200	-
<b>Subtotal - Africa</b>	<b>414</b>	<b>520</b>	<b>-</b>
<b>East Asia and the Pacific</b>			
Philippines	95	-	-
<b>Subtotal - East Asia and the Pacific</b>	<b>95</b>	<b>-</b>	<b>-</b>
<b>Europe and Eurasia</b>			
Albania	450	350	200
Bosnia and Herzegovina	-	-	200
Bulgaria	980	-	200
Kazakhstan	-	200	-
Latvia	-	200	-
Romania	1,061	-	400
Ukraine	-	430	500
<b>Subtotal - Europe and Eurasia</b>	<b>2,491</b>	<b>1,180</b>	<b>1,500</b>
<b>South Asia</b>			
Sri Lanka	-	-	100
<b>Subtotal - South Asia</b>	<b>-</b>	<b>-</b>	<b>100</b>
<b>Western Hemisphere</b>			
Nicaragua	-	200	300
Paraguay	-	100	-
<b>Subtotal - Western Hemisphere</b>	<b>-</b>	<b>300</b>	<b>300</b>
<b>Global</b>			
SA/LW Conference	-	-	100
<b>Subtotal - Global</b>	<b>-</b>	<b>-</b>	<b>100</b>
<b>Total</b>	<b>3,000</b>	<b>2,000</b>	<b>2,000</b>

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# DEPARTMENT OF THE TREASURY

Treasury Technical Assistance  
Debt Restructuring

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**Treasury Technical Assistance**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
TTA	6,500	10,000	14,000
TTA-ERF	3,000	0	0

The FY 2004 request for Treasury International Affairs Technical Assistance is \$14 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 2004, \$5 million of these funds will be used by Treasury Technical Assistance to fund interagency assessment missions, as well as resident and short-term advisor projects, to countries combating terrorist finance activity. The funding flexibility and rapid response times of this program are critical elements in helping countries combat the financing of terrorist activities.

**Debt Restructuring**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
DR	229,000	0	395,000

The FY 2004 request provides an additional \$75 million for the Trust Fund for Heavily Indebted Poor Countries (HIPC). These funds will go towards fulfilling 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 \$300 million to fund bilateral debt reduction for the Democratic Republic of the Congo under the HIPC initiative, as well as, \$20 million for the Treasury Debt Restructuring account for debt reduction under the Tropical Forest Conservation Act (TFCA).

# COMPLEX FOREIGN CONTINGENCIES

U.S. Emergency Fund for Complex Foreign Crises

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**Complex Foreign Contingencies**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
CFC	0	0	100,000

This new appropriation is sought to assist the President to quickly and effectively respond to or prevent unforeseen complex foreign crises by providing resources that can be drawn upon at the onset of a crisis. These funds will be used to fund a range of foreign assistance activities, including support for peace and humanitarian intervention 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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# EMERGENCY PLAN FOR AIDS RELIEF

Emergency Plan for AIDS Relief

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**Emergency Plan for AIDS Relief**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
EPAR	0	0	450,000

President Bush announced the Emergency Plan for AIDS Relief, a five-year, \$15 billion initiative to turn the tide in the global effort to combat the HIV/AIDS pandemic. The pledge virtually triples the current U.S. commitment to fighting AIDS internationally. It includes \$10 billion in new funds. \$1.04 billion in baseline accounts including funding for USAID, HHS, and CDC will be augmented to reach \$2 billion in funding in FY 2004:

- State Department -- \$450 million;
- USAID -- \$895 million, including \$100 million for the Global Fund and \$150 million for the International Mother & Child HIV Prevention; and
- HHS/CDC/NIH -- \$690 million including \$100 million for the Global Fund and \$150 million for the International Mother & Child HIV Prevention.

The President's Emergency Plan for AIDS Relief will help the most afflicted countries in Africa and the Caribbean wage and win the war against HIV/AIDS, extending and saving lives. The following countries will be the focus of the initiative: Botswana, Cote d'Ivoire, Ethiopia, Guyana, Haiti, Kenya, Mozambique, Namibia, Nigeria, Rwanda, South Africa, Tanzania, Uganda, and Zambia.

In each of these countries, the United States will work with private groups and willing governments to put in place a comprehensive system for diagnosing, preventing and treating AIDS. Central hospitals will have laboratories, specialized doctors, and nurses to anchor the system. Satellite clinics will provide antiretroviral drugs and education on the prevention of AIDS. By truck and motorcycle, nurses and local healers will reach the farthest villages and farms to test for the disease and to deliver life-saving drugs.

The initiative is intended to:

- Prevent 7 million new infections (60 percent of the projected 12 million new infections in the target countries);
- Provide antiretroviral drugs for 2 million HIV-infected people; and
- Care for 10 million HIV-infected individuals and AIDS orphans.

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# FAMINE FUND

Famine Fund

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**Famine Fund**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
FF	0	0	200,000

The FY 2004 budget includes a new \$200 million fund with flexible authorities to provide emergency food, grants or support to meet dire needs on a case-by-case basis.

This commitment reflects more than a fifteen percent increase in USAID food assistance, one of the largest increases in programs in the budget.

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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 2002 Actual	FY 2003 Request	FY 2004 Request
IMET	70,000	80,000	91,700

The International Military Education and Training (IMET) program is an instrument of U.S. national security and foreign policy – a program with a substantial return on investment. It is a key component of U.S. security assistance that provides training on a grant basis to students from allied and friendly nations. While improving defense capabilities, IMET courses offer opportunities to present democratic alternatives to key foreign military and civilian leaders, and further regional stability through mutually beneficial military-to-military relations. The activities under IMET culminate in increased understanding and defense cooperation between the United States and foreign countries.

The IMET program has three main objectives. It encourages effective, positive defense relationships and increases understanding between the U.S. and foreign countries, thereby promoting the goals of international peace and security. It leverages the ability of participating countries to utilize their resources, including defense articles and services obtained from the U.S., with greater effectiveness and efficiency, contributing to greater self-reliance. And, it increases the ability of foreign nationals participating in such activities to recognize international norms regarding human rights.

Training and education provided under the IMET program is professional and non-political, and reflects both the U.S. tradition of civilian oversight and the operational, rather than the policy, role of the military. IMET has a positive effect on participants and recipient countries beyond actual training. Exposure to American values, quality of instruction, and professionalism of the U.S. military plays an important part in building long-term understanding of and support for U.S. policies. Though not a specific objective of the IMET program, the associated skills and the increase in trained personnel have had a significant impact on the infrastructure of countries participating in the program, which has encouraged economic development.

Many IMET courses present democratic principles to key foreign militaries and civilian leaders. 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. The increase in IMET to the region is distributed to many nations in Africa as a key foreign policy tool to promote continued cooperation – particularly important for those nations playing valuable roles with the U.S. in the war on terrorism.
- Over the years, IMET in the Asia-Pacific region has supported the development of more professional militaries and contributed to improved civil-military relations, civilian control of the military, and human rights. In FY 2004, IMET recipients are the Philippines, Papua New Guinea, Fiji, Thailand, Malaysia, Mongolia, Indonesia, Samoa, Tonga, East Timor, Vanuatu, the Solomon Islands, Mongolia, Cambodia, Laos, and Vietnam.

- In Europe and Eurasia, IMET is a key tool to promote U.S. regional strategy, emphasizing activities such as English language training, military professionalism, force interoperability, and preparation of peacekeeping units to operation in the global arena. The benefits of IMET training with countries working closely in the war on terrorism have already been evident, reflected in smooth collaboration with a growing number of countries. We will continue to foster military cooperation and strong security relationships in line with the demands of Operation Enduring Freedom and the global counter-terrorism efforts. 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 military cooperation, such as Uzbekistan and Kyrgyzstan, where advancing reform in the area of human rights is a key U.S. objective. In FY 2004, Turkey will receive a substantial increase to support its participation in coalition operations. Turkey has taken great care to pass the benefits of this assistance in the region by extending opportunities for military education to neighboring countries, such as Azerbaijan.
- Increased levels of funding for the Near East reflect the requirements of individual countries and their capacity to absorb additional training as part of their efforts to help support 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. In FY04, Bahrain, Jordan, Morocco, Oman, Tunisia and Yemen all receive substantial increases.
- For South Asia, the IMET request provides for more officers to attend specialized training in U.S. military schools to enhance their English language proficiency, understanding of civil-military relations, respect for human rights, and ability to operate with U.S. units when participating in peacekeeping and humanitarian assistance/search and rescue operations.
- In the Western Hemisphere region, the largest programs belong to Colombia, Mexico, and Argentina. The primary audience in these three programs, as well as for most IMET training, is the junior and mid-grade ranks, whose development can be positively influenced by an exposure to the United States and whose future in their own military establishment is still before them. Militaries in the Americas have made good progress in the area of civilian control; it is particularly important to hemispheric stability that these gains be consolidated and expanded through programs such as IMET.
- Many IMET training courses can also be provided on a reimbursable basis. In order to ensure schools can cover basic operating costs, pro-rata shares of these costs are paid from the IMET budget. These costs include, but are not limited to, salaries, equipment, facilities and IMET-related travel. The majority of the expense is for salaries.

In CY 2002, the Administration conducted Program Assessment Review Tool (PART) examinations of U.S. security assistance programs for Sub-Saharan Africa, including IMET, and IMET and FMF funding for new NATO nations and countries recently invited to join NATO. The review for Sub-Saharan Africa concluded that while the programs had a clear purpose, the results of the programs were not demonstrated and there were weaknesses in the areas of strategic planning and management. The review of IMET and other security programs with the new NATO nations concluded that the programs were moderately effective in achieving program goals and that several weaknesses should be addressed.

**International Military Education and Training**  
(\$ in thousands)

	<b>FY 2002 Actual</b>	<b>FY 2003 Request</b>	<b>FY 2004 Request</b>
<b>Africa</b>			
Angola	-	100	100
Benin	502	400	500
Botswana	692	600	700
Burkina Faso	-	50	50
Burundi	-	50	100
Cameroon	193	200	200
Cape Verde	146	120	120
Central African Republic	128	110	150
Chad	216	130	150
Comoros	-	50	50
Cote d'Ivoire	-	50	-
Democratic Republic of Congo	-	50	100
Djibouti	163	185	225
Equatorial Guinea	-	50	50
Eritrea	340	400	450
Ethiopia	445	500	570
Gabon	157	160	160
Gambia	48	50	100
Ghana	482	500	500
Guinea	266	250	350
Guinea-Bissau	69	75	100
Kenya	486	600	600
Lesotho	96	100	125
Madagascar	208	170	200
Malawi	385	360	360
Mali	342	325	350
Mauritania	130	100	125
Mauritius	93	100	125
Mozambique	153	215	225
Namibia	208	200	225
Niger	132	110	200
Nigeria	750	800	850
Republic of the Congo	140	110	110
Rwanda	-	150	175
Sao Tome and Principe	112	100	100
Senegal	931	900	1,000
Seychelles	40	100	100
Sierra Leone	177	250	300
South Africa	1,471	1,450	1,600
Swaziland	84	100	135

**International Military Education and Training**  
(\$ in thousands)

	<b>FY 2002 Actual</b>	<b>FY 2003 Request</b>	<b>FY 2004 Request</b>
Tanzania	275	230	230
Togo	83	100	125
Uganda	-	170	200
Zambia	189	225	225
ECOWAS	-	50	100
<b>Subtotal - Africa</b>	<b>10,332</b>	<b>11,095</b>	<b>12,510</b>
<b>East Asia and the Pacific</b>			
Cambodia	-	200	200
East Timor	43	100	150
Fiji	-	100	200
Indonesia	405	400	600
Laos	-	100	100
Malaysia	831	800	1,200
Mongolia	686	725	850
Papua New Guinea	206	240	300
Philippines	2,025	2,400	2,700
Samoa	113	120	150
Solomon Islands	146	150	50
Thailand	1,748	1,750	2,450
Tonga	115	125	125
Vanuatu	95	100	100
Vietnam	-	100	100
<b>Subtotal - East Asia and the Pacific</b>	<b>6,413</b>	<b>7,410</b>	<b>9,275</b>
<b>Europe and Eurasia</b>			
Albania	866	900	975
Armenia	75	750	900
Azerbaijan	377	750	900
Bosnia and Herzegovina	800	900	900
Bulgaria	1,212	1,350	1,350
Croatia	593	700	800
Czech Republic	1,800	1,900	1,900
Estonia	1,036	1,100	1,200
Federal Republic of Yugoslavia	-	300	500
Georgia	889	1,200	1,300
Greece	499	600	600
Hungary	1,789	1,900	1,900
Kazakhstan	893	1,000	1,200
Kyrgyz Republic	600	1,100	1,200
Latvia	1,047	1,100	1,200

**International Military Education and Training**  
(\$ in thousands)

	<b>FY 2002 Actual</b>	<b>FY 2003 Request</b>	<b>FY 2004 Request</b>
Lithuania	1,019	1,100	1,200
Macedonia	579	650	700
Malta	295	300	250
Moldova	889	900	1,000
Poland	1,891	2,000	2,000
Portugal	720	850	850
Romania	1,356	1,500	1,500
Russia	-	800	800
Slovakia	845	950	950
Slovenia	827	950	950
Tajikistan	259	350	400
Turkey	2,756	2,800	5,000
Turkmenistan	388	450	450
Ukraine	1,638	1,700	1,700
Uzbekistan	880	1,200	1,600
<b>Subtotal - Europe and Eurasia</b>	<b>26,818</b>	<b>32,050</b>	<b>36,175</b>
<b>Near East</b>			
Algeria	67	550	550
Bahrain	395	450	600
Egypt	1,217	1,200	1,200
Jordan	2,012	2,400	2,900
Lebanon	568	700	700
Morocco	1,041	1,500	1,750
Oman	481	750	1,000
Saudi Arabia	24	25	25
Tunisia	1,013	1,500	1,750
Yemen	488	650	1,000
<b>Subtotal - Near East</b>	<b>7,306</b>	<b>9,725</b>	<b>11,475</b>
<b>South Asia</b>			
Afghanistan	-	-	600
Bangladesh	648	750	800
India	1,012	1,000	1,250
Maldives	125	150	175
Nepal	377	500	600
Pakistan	894	1,000	1,250
Sri Lanka	259	350	500
<b>Subtotal - South Asia</b>	<b>3,315</b>	<b>3,750</b>	<b>5,175</b>

**International Military Education and Training**  
(\$ in thousands)

	<b>FY 2002 Actual</b>	<b>FY 2003 Request</b>	<b>FY 2004 Request</b>
<b>Western Hemisphere</b>			
Argentina	1,025	1,000	1,100
Bahamas	144	140	140
Belize	212	175	200
Bolivia	712	800	900
Brazil	437	500	500
Chile	570	600	600
Colombia	1,180	1,180	1,600
Costa Rica	389	400	400
Dominican Republic	527	500	500
Ecuador	625	650	650
El Salvador	814	900	900
Guatemala	350	350	350
Guyana	294	275	275
Haiti	14	50	200
Honduras	655	650	650
Jamaica	586	600	600
Mexico	944	1,250	1,275
Nicaragua	372	400	400
Panama	178	200	200
Paraguay	360	300	300
Peru	518	600	700
Suriname	147	150	150
Trinidad and Tobago	132	150	150
Uruguay	464	450	450
Venezuela	500	700	700
Eastern Caribbean	672	700	700
<b>Subtotal - Western Hemisphere</b>	<b>12,821</b>	<b>13,670</b>	<b>14,590</b>
<b>Global</b>			
E-IMET Schools	2,600	1,800	2,000
General Costs	395	500	500
<b>Subtotal - Global</b>	<b>2,995</b>	<b>2,300</b>	<b>2,500</b>
<b>Total</b>	<b>70,000</b>	<b>80,000</b>	<b>91,700</b>

## Summary of Students Trained Under IMET

	FY 2002 Actual	FY 2003 Request	FY 2004 Request
<b>Africa</b>			
Angola	-	4	4
Benin	50	40	50
Botswana	138	120	140
Burkina Faso	-	-	2
Burundi	-	2	4
Cameroon	9	9	9
Cape Verde	6	5	5
Central African Republic	5	4	6
Chad	9	5	6
Comoros	-	2	2
Cote d'Ivoire	-	2	-
Democratic Republic of Congo	-	2	4
Djibouti	7	8	9
Eritrea	66	78	87
Ethiopia	10	11	13
Gabon	8	8	8
Gambia	4	4	8
Ghana	51	53	53
Guinea	161	151	212
Guinea-Bissau	2	2	3
Kenya	158	195	195
Lesotho	50	52	65
Madagascar	71	58	68
Malawi	68	64	64
Mali	10	10	10
Mauritania	96	50	63
Mauritius	45	48	60
Mozambique	82	115	121
Namibia	17	16	18
Niger	111	100	188
Nigeria	204	200	212
Republic of the Congo	3	2	2
Rwanda	-	6	7
Sao Tome and Principe	31	25	25
Senegal	31	28	30
Seychelles	16	33	33
Sierra Leone	78	125	150
South Africa	582	483	533
Swaziland	10	13	17
Tanzania	18	15	15

## Summary of Students Trained Under IMET

	FY 2002 Actual	FY 2003 Request	FY 2004 Request
Togo	71	100	125
Uganda	-	7	8
Zambia	14	17	17
<b>Subtotal - Africa</b>	<b>2,292</b>	<b>2,272</b>	<b>2,651</b>
<b>East Asia and the Pacific</b>			
Cambodia	-	8	8
East Timor	-	4	6
Fiji	-	4	8
Indonesia	30	29	43
Laos	-	4	4
Malaysia	48	47	70
Mongolia	204	241	283
Papua New Guinea	36	40	50
Philippines	145	172	193
Samoa	15	16	20
Solomon Islands	29	30	10
Thailand	178	175	245
Tonga	16	18	18
Vanuatu	17	18	18
Vietnam	-	4	4
<b>Subtotal - East Asia and the Pacific</b>	<b>718</b>	<b>810</b>	<b>980</b>
<b>Europe and Eurasia</b>			
Albania	59	61	66
Armenia	5	50	60
Azerbaijan	29	58	70
Bosnia and Herzegovina	65	73	73
Bulgaria	197	225	225
Croatia	135	175	200
Czech Republic	330	348	348
Estonia	108	115	125
Federal Republic of Yugoslavia	-	12	20
Georgia	119	161	174
Greece	77	86	86
Hungary	132	140	140
Kazakhstan	57	64	77
Kyrgyz Republic	16	29	32
Latvia	142	149	163
Lithuania	171	185	201
Macedonia	23	26	28



## Summary of Students Trained Under IMET

	FY 2002 Actual	FY 2003 Request	FY 2004 Request
Malta	82	83	69
Moldova	96	100	108
Poland	76	80	80
Portugal	103	122	122
Romania	201	222	222
Russia	-	32	32
Slovakia	40	45	45
Slovenia	484	475	475
Tajikistan	32	44	50
Turkey	242	246	439
Turkmenistan	9	10	10
Ukraine	263	273	273
Uzbekistan	75	100	133
<b>Subtotal - Europe and Eurasia</b>	<b>3,368</b>	<b>3,789</b>	<b>4,146</b>
<b>Near East</b>			
Algeria	2	16	16
Bahrain	37	42	56
Egypt	59	58	58
Jordan	174	166	242
Lebanon	159	196	196
Morocco	50	72	84
Oman	60	94	125
Saudi Arabia	2	2	2
Tunisia	91	135	157
Yemen	15	20	31
<b>Subtotal - Near East</b>	<b>649</b>	<b>801</b>	<b>967</b>
<b>South Asia</b>			
Bangladesh	50	58	62
India	78	77	96
Maldives	18	21	25
Nepal	72	95	115
Pakistan	39	40	50
Sri Lanka	68	92	131
<b>Subtotal - South Asia</b>	<b>325</b>	<b>383</b>	<b>479</b>

### Summary of Students Trained Under IMET

	FY 2002 Actual	FY 2003 Request	FY 2004 Request
<b>Western Hemisphere</b>			
Argentina	264	250	275
Bahamas	24	23	23
Belize	64	53	60
Bolivia	92	103	116
Brazil	80	92	92
Chile	175	184	184
Colombia	588	588	797
Costa Rica	66	69	69
Dominican Republic	87	83	83
Eastern Caribbean	70	55	64
Ecuador	101	105	105
El Salvador	354	391	391
Guatemala	78	78	78
Guyana	18	21	21
Haiti	4	16	50
Honduras	208	208	208
Jamaica	229	234	234
Mexico	91	120	123
Nicaragua	61	66	66
Panama	23	28	28
Paraguay	48	40	40
Peru	85	98	115
Suriname	14	14	14
Trinidad and Tobago	9	10	10
Uruguay	171	166	166
Venezuela	61	85	85
<b>Subtotal - Western Hemisphere</b>	<b>3,065</b>	<b>3,180</b>	<b>3,497</b>
<b>Total</b>	<b>10,417</b>	<b>11,235</b>	<b>12,720</b>

### Foreign Military Financing (\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
FMF	3,650,256	4,107,200	4,414,000
FMF-ERF	45,000	0	0
FMF-SUP	357,000	0	0

The key to ensuring U.S. national security is through the deterrence of potential aggressors who seek to threaten the United States, its allies and its interests. Foreign Military Financing (FMF) promotes U.S. national security by contributing to global and regional stability, strengthening military support for democratically-elected governments, and containing transnational threats including terrorism and trafficking in narcotics, weapons, and persons.

The FMF program provides grants for the acquisition of U.S. defense equipment, services and training. These acquisitions enable key allies and friends to improve their defense capabilities. Increased capabilities build and strengthen multilateral coalitions with the United States and its allies, foster better bilateral military relationships between the United States and recipient nations, and enable friends and allies to work together and be increasingly interoperable with U.S., NATO and regional forces. FMF is therefore 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 to share burdens in joint missions. In particular, FMF is a key assistance tool for supporting U.S. coalition partners in the war on terrorism. By increasing demand for U.S. systems, FMF contributes to a strong U.S. defense industrial base – a critical element of U.S. national defense strategy – which helps both reduce 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 allies and friends in procuring U.S. defense articles and services that will serve to strengthen their self-defense capabilities, meet their legitimate security needs and promote multilateral coalition efforts, notably the war on terrorism.
- To improve key capabilities of friendly countries to contribute to international crisis response operations, including peacekeeping and humanitarian crises.
- To promote the effectiveness and professionalism of military forces of strategic allies and friendly foreign countries.
- To promote rationalization, standardization, and interoperability of friendly countries' militaries with the U.S. armed forces as well as forces of NATO and of regional coalitions.
- To maintain support for democratically-elected governments that share values similar to those of the U.S. with respect to democracy, human rights, and regional stability.
- To support the U.S. industrial base by promoting the export of U.S. defense related goods and services.

Uses of FY 2004 FMF grant funding:

- The majority of allocated funds – approximately 87% – provides continued assistance for the Middle East (Israel, Egypt, and Jordan). These funds help to promote regional stability and ensure the influence of moderate governments friendly to U.S. interests. With FMF, we seek to influence and assist Middle East peace efforts by providing for the legitimate defense needs of friends and allies in the region who have committed themselves to working toward a comprehensive Middle East peace. Requested increases for our friends and allies in the region, such as Bahrain, Morocco, Oman, Tunisia, and Yemen, will help them strengthen their self-defense capabilities, meet their legitimate indigenous security needs and support coalition efforts in the war on terrorism.
- Support ongoing efforts in Europe and Eurasia to integrate recent NATO members into the alliance and continue to assist Partnership for Peace (PfP) in the Balkans, the Caucasus, and the Central Asian states, which remain vital members of the war on terrorism. FMF assists in defense reform that in turn promotes strong civil-military relationships, interoperability, support for receiving and deploying peacekeeping forces, and the training and equipping of forces to the highest standards. These funds advance our objectives under NATO to provide our allies with niche capabilities that are critical in time of war, such as Search and Rescue Capability and Lift Support. Establishing this capability is seen to be ever more important as we continue to rely on support from Coalition Partners in carrying out Operation Enduring Freedom (OEF). Funding for Turkey is proposed at \$50 million, which is 26% of the region's total FMF request.
- Support Colombia's new strategy to extend central government control and governance to areas heretofore controlled by terrorists and narcotics traffickers. Violence and social disruption associated with the Colombian drug trade transcends borders; FMF support to Colombia's neighbors is necessary to address the spill-over effects associated with narcotics trade and terrorism. Also in this hemisphere, FMF will continue to assist our key Caribbean partners with rescue and disaster relief, counter drug activities, and help them maintain their small defense and maritime forces which play an important role in regional stability and security. Finally, FMF will provide equipment and training to Western Hemisphere nations that work closely with the U.S. and its allies around the globe in support of peacekeeping missions thereby helping to reduce peacekeeping engagements by U.S.
- Much of the FMF to the East Asia and Pacific region is envisioned for the Philippines, a key ally in the war of terrorism. Funds for the Philippines will sustain logistical and support functions and help enhance counterterrorism activities. Funds for East Timor are modest but necessary to promote stability and to provide non-lethal basic soldier equipment for the East Timor Defense Forces. Mongolia will continue to use FMF to fund a long-term communications upgrade project, control its porous borders, and reduce narcotics trafficking. Thailand will use FMF to enhance its ability to combat terrorism, participate in coalition operations outside of Thailand, and increase interoperability with other forces.
- Conflict and strife in Africa remain concerns for the United States. FMF for this region will help bolster counterterrorism capabilities, improve peacekeeping capacity, enhance border and maritime controls, thereby strengthening regional stability. Key countries such as South Africa, Kenya, Nigeria, and Djibouti will receive the bulk of the FMF for the region.
- OEF sustainment continues for the South Asia region. FMF for Afghanistan will continue to provide training, infrastructure and equipment to help strengthen the Afghanistan National Army. In Pakistan, FMF will fund equipment essential to Pakistan's participation and support of OEF.

FMF in Nepal will help its government cope with a brutal communist insurgency, restore enough stability to permit elections, and prevent the countryside from becoming a haven for al-Qaida and other terrorist groups.

- Continue support for the Enhanced International Peacekeeping Initiative. This program helps selected foreign countries develop institutional structures, which help provide more efficient and effective peacekeeping units, creating a larger supply of peacekeeping forces and reducing dependence on U.S. personnel.
- Support Department of Defense costs for the administration of global grant military assistance programs.

In CY 2002, the Administration conducted Program Assessment Review Tool (PART) examinations of U.S. security assistance programs for Sub-Saharan Africa, including FMF, and FMF and IMET funding for new NATO nations and countries recently invited to join NATO. The review for Sub-Saharan Africa concluded that while the programs had a clear purpose, the results of the programs were not demonstrated and there were weaknesses in the areas of strategic planning and management. The review of FMF and other security programs with the new NATO nations concluded that the programs were moderately effective in achieving program goals and that several weaknesses should be addressed.

**Foreign Military Financing**  
(\$ in thousands)

	<b>FY 2002 Actual</b>	<b>FY 2003 Request</b>	<b>FY 2004 Request</b>
<b>Africa</b>			
Botswana	1,000	1,000	1,000
Djibouti	-	-	2,000
Djibouti SUP	1,500	-	-
Eritrea	250	500	500
Ethiopia	250	500	500
Ethiopia SUP	2,000	-	-
Ghana	400	500	500
Kenya	-	1,500	6,500
Kenya SUP	15,000	-	-
Nigeria	6,000	6,000	4,000
Senegal	400	500	500
South Africa	6,700	6,000	6,000
Military Health Affairs	-	2,000	1,500
<b>Subtotal - Africa</b>	<b>33,500</b>	<b>18,500</b>	<b>23,000</b>
<b>East Asia and the Pacific</b>			
East Timor	1,000	2,000	2,000
Mongolia	2,000	1,000	1,000
Philippines	19,000	20,000	17,000
Philippines SUP	25,000	-	-
Thailand	1,300	2,000	1,000
<b>Subtotal - East Asia and the Pacific</b>	<b>48,300</b>	<b>25,000</b>	<b>21,000</b>
<b>Europe and Eurasia</b>			
Albania	4,000	5,000	4,000
Armenia	4,000	3,000	2,500
Azerbaijan	4,000	3,000	2,500
Bosnia and Herzegovina	2,250	2,500	2,000
Bulgaria	8,500	9,500	8,500
Croatia	5,000	6,000	5,000
Czech Republic	10,000	11,000	10,000
Estonia	6,250	6,750	6,250
Federal Republic of Yugoslavia	-	1,000	-
Georgia	11,000	7,000	10,000
Georgia SUP	20,000	-	-
Hungary	10,000	11,000	10,000
Kazakhstan	2,750	3,000	3,000
Kazakhstan SUP	2,000	-	-
Kyrgyz Republic	2,000	4,000	6,000
Kyrgyz Republic SUP	9,000	-	-

**Foreign Military Financing**  
(\$ in thousands)

	<b>FY 2002 Actual</b>	<b>FY 2003 Request</b>	<b>FY 2004 Request</b>
Latvia	6,250	7,000	6,250
Lithuania	6,593	7,500	7,000
Macedonia	10,500	11,000	10,000
Malta	1,000	1,000	1,000
Moldova	1,250	1,500	1,000
Poland	12,000	13,000	12,000
Romania	9,000	10,000	9,000
Slovakia	7,750	9,000	8,000
Slovenia	4,000	5,000	4,000
Tajikistan	700	-	700
Tajikistan SUP	3,000	-	-
Turkey	-	17,500	50,000
Turkey ERF	20,000	-	-
Turkey SUP	28,000	-	-
Turkmenistan	-	700	700
Ukraine	4,000	4,000	3,000
Uzbekistan	207	8,750	10,000
Uzbekistan ERF	25,000	-	-
Uzbekistan SUP	11,000	-	-
<b>Subtotal - Europe and Eurasia</b>	<b>251,000</b>	<b>168,700</b>	<b>192,400</b>
<b>Near East</b>			
Bahrain	-	-	25,000
Bahrain SUP	28,500	-	-
Egypt	1,300,000	1,300,000	1,300,000
Israel	2,040,000	2,100,000	2,160,000
Jordan	75,000	198,000	206,000
Jordan SUP	25,000	-	-
Morocco	3,500	5,000	10,000
Oman	-	20,000	25,000
Oman SUP	25,000	-	-
Tunisia	3,500	5,000	10,000
Yemen	-	2,000	15,000
Yemen SUP	20,000	-	-
<b>Subtotal - Near East</b>	<b>3,520,500</b>	<b>3,630,000</b>	<b>3,751,000</b>

**Foreign Military Financing**  
(\$ in thousands)

	<b>FY 2002 Actual</b>	<b>FY 2003 Request</b>	<b>FY 2004 Request</b>
<b>South Asia</b>			
Afghanistan	7,256	-	150,000
Afghanistan SUP	50,000	-	-
India	-	50,000	5,000
Nepal	2,000	3,000	10,000
Nepal SUP	12,000	-	-
Pakistan	-	50,000	75,000
Pakistan SUP	75,000	-	-
Sri Lanka	-	-	1,000
<b>Subtotal - South Asia</b>	<b>146,256</b>	<b>103,000</b>	<b>241,000</b>
<b>Western Hemisphere</b>			
Argentina	1,000	2,000	1,500
Bahamas	100	100	100
Belize	200	300	200
Bolivia	500	2,000	4,000
Chile	500	1,000	500
Colombia	-	98,000	110,000
Dominican Republic	350	320	320
Ecuador	-	1,000	15,000
Ecuador SUP	3,000	-	-
El Salvador	1,000	2,500	2,000
Guyana	200	400	100
Haiti	300	400	330
Jamaica	600	700	600
Nicaragua	500	500	500
Panama	-	1,000	2,500
Peru	-	1,000	2,000
Suriname	150	250	150
Trinidad and Tobago	300	400	300
Uruguay	1,000	1,000	1,000
Eastern Caribbean	2,000	2,130	2,000
<b>Subtotal - Western Hemisphere</b>	<b>11,700</b>	<b>115,000</b>	<b>143,100</b>
<b>Global</b>			
DSCA Administrative Costs SUP	2,000	-	-
FMF Administrative Costs	35,000	37,000	40,500
Policy Initiatives	-	6,000	-
Enhanced International Peacekeeping Capabilities	4,000	4,000	2,000
<b>Subtotal - Global</b>	<b>41,000</b>	<b>47,000</b>	<b>42,500</b>
<b>Total</b>	<b>4,052,256</b>	<b>4,107,200</b>	<b>4,414,000</b>



## Enhanced International Peacekeeping Capabilities

(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
FMF	4,000	4,000	2,000

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

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

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

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

The FY 2004 request for the EIPC initiative will allow the United States 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 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 provides 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 provides 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 Commander-in-Chiefs 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, Lithuania, Malaysia, Moldova, Mongolia, Nepal, Paraguay, Philippines, Poland, Romania, Slovakia, South Africa, Thailand, Tunisia, Ukraine, and Uruguay.

FY 2004 EIPC funding will build on a record of achievement in assisting selected countries to improve their peacekeeping capabilities. All of the countries that have received EIPC funds have taken decisive steps to increase their international peacekeeping operations role. To cite a few examples:

- Thailand has taken steps to build a regional peacekeeping training center. It established a permanent program in 2001 and continues to expand it. Thailand has twice provided the Force Commander to the UN Mission in East Timor and took the lead-nation role in Aceh ceasefire monitoring.
- More than a third of EIPC recipients have participated with the U.S. in SFOR or KFOR, even though both are principally NATO operations.
- Bangladesh was one of the first countries to offer its troops to a follow-on UN military force in Afghanistan.
- Jordan, already fully committed in several UN and NATO-sponsored peace support operations, sent military units to participate in peace support operations in post-Taliban Afghanistan.

**FMF Administrative Costs**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
FMF	35,000	37,000	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.

The FY 2004 request for FMF Administrative costs will fund the establishment and/or the continuing operating costs of new SAOs and is essential to the effective management of security assistance programs with these new defense partners. In addition, security costs for all SAOs have increased dramatically. The sustained increases in IMET funding levels from the FY 1995 level of \$26 million has also increased administrative workload and funding requirements. Departmental and headquarters management and oversight for FMF programs, not connected to FMS, have grown significantly. The amount requested is the minimum essential funding to accomplish the mission.

**Peacekeeping Operations**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
PKO	135,000	108,250	94,900
PKO-ERF	220,000	0	0
PKO-SUP	20,000	0	0

The United States has a strong interest in supporting, on a voluntary basis, peacekeeping activities that are not UN-mandated and/or are not funded by UN assessments. In so doing, we help support regional peacekeeping operations for which neighboring countries take primary responsibility, while maintaining the foreign policy flexibility to determine which cases require U.S. forces be placed in harm's way. Similarly, the United States 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 the U.S. personnel and resources.

Support for peacekeeping and peace support operations are a cornerstone of regional security. Historically, it has helped separate adversaries, promote and maintain cease-fires, facilitate delivery of humanitarian relief, allow repatriations of refugees and displaced persons, demobilize combatants, and create conditions under which political reconciliation and democratic elections could 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, and limit refugee flows. 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.

Key objectives of peacekeeping funds are to:

- Promote peace and security by supporting multilateral peacekeeping initiatives around the world;
- Leverage fair share contributions to peacekeeping and peace support 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; and
- 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 2004 include:

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

- Fund the Africa Regional Peacekeeping Operations efforts to maintain cease-fire and peace agreements, including ongoing activities in the Mano River region, Cote d'Ivoire, Burundi, the Democratic Republic of Congo, and Sudan. Funds will be used to disarm and demobilize regional combatants under international peace agreements.
- Support 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 peacekeeping/peace enforcement training.
- Provide the U.S. share for the Multinational Force and Observers (MFO) in the Sinai, an important part of the peace between Egypt and Israel. In addition to an established system to monitor treaty compliance, the MFO offers an effective liaison system between the Egyptian and Israeli defense forces. The United States has a firm political commitment to finance one-third of the annual MFO budget, with the other two thirds provided by Israel and Egypt. .
- Fund the U.S. assessment for efforts to sustain conflict prevention and crisis management through the Organization for Cooperation and Security in Europe (OSCE) in the Balkans, Central Asia, and the Caucasus.
- Support transportation, equipment and/or the continuation of the peacekeeping mission resulting from the peace settlement in Sri Lanka, as well as the continuation of support for civilian police assigned to the UN Transitional Administration in East Timor (UNTAET).

In CY 2002, the Administration conducted Program Assessment Review Tool (PART) examinations of U.S. security assistance programs in Sub-Saharan Africa, including PKO programs, and PKO funding for East Timor and OSCE programs. Both reviews concluded that while the programs had a clear purpose, the results of the programs were not demonstrated and there were weaknesses in the areas of strategic planning and management.

**Peacekeeping Operations**  
(\$ in thousands)

	<b>FY 2002 Actual</b>	<b>FY 2003 Request</b>	<b>FY 2004 Request</b>
<b>Africa</b>			
Africa Crisis Response Training	15,000	10,000	-
Africa Regional Peacekeeping	39,905	30,000	9,000
African Contingency Operations Training and Assistance	-	-	15,000
<b>Subtotal - Africa</b>	<b>54,905</b>	<b>40,000</b>	<b>24,000</b>
<b>East Asia and the Pacific</b>			
East Timor	7,103	5,000	2,000
<b>Subtotal - East Asia and the Pacific</b>	<b>7,103</b>	<b>5,000</b>	<b>2,000</b>
<b>Europe and Eurasia</b>			
OSCE Bosnia	20,022	17,500	11,800
OSCE Croatia	2,900	2,300	900
OSCE Kosovo	15,400	12,500	9,500
OSCE Regional	12,275	14,550	9,300
Azerbaijan	1,000	-	-
Georgia	340	-	-
Ukraine	1,000	-	-
<b>Subtotal - Europe and Eurasia</b>	<b>52,937</b>	<b>46,850</b>	<b>31,500</b>
<b>Near East</b>			
Multinational Force and Observers	16,015	16,400	16,400
<b>Subtotal - Near East</b>	<b>16,015</b>	<b>16,400</b>	<b>16,400</b>
<b>South Asia</b>			
Afghanistan	3,949	-	20,000
Afghanistan SUP	20,000	-	-
Pakistan ERF	220,000	-	-
Sri Lanka	-	-	1,000
<b>Subtotal - South Asia</b>	<b>243,949</b>	<b>-</b>	<b>21,000</b>
<b>Western Hemisphere</b>			
Haiti	91	-	-
<b>Subtotal - Western Hemisphere</b>	<b>91</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>375,000</b>	<b>108,250</b>	<b>94,900</b>

# MULTILATERAL ECONOMIC ASSISTANCE

International Financial Institutions  
International Organizations and Programs

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**International Financial Institutions**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
IFI	1,174,796	1,437,097	1,554,878

The FY 2004 request includes \$1.36 billion for scheduled annual U.S. commitments to IFIs. This includes funding for the second year commitment of three new replenishments: \$950 million for IDA, \$118 million for AfDF, and \$107.5 million for GEF. The three-year pledge to IDA is subject, in part, to a set of performance indicators tied to increased contributions in 2004 (\$950 million) and 2005 (\$1.050billion). The four-year pledge to GEF is also subject, in part, to a set of performance indicators tied to an increased contribution in FY 2006 (\$177.5 million).

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.

The request also includes \$195.9 million to clear a portion of outstanding U.S. arrears to IFIs.

**International Financial Institutions**  
(\$ in thousands)

	<b>FY 2002 Actual</b>	<b>FY 2003 Request</b>	<b>FY 2004 Request</b>
Global Environment Facility	100,500	177,813	184,997
International Development Association	792,400	874,338	976,825
Multilateral Investment Guarantee Agency	5,000	3,631	4,002
Asian Development Fund	98,017	147,386	151,921
African Development Bank	5,100	5,104	5,105
African Development Fund	100,000	118,073	118,081
European Bank for Reconstruction and Development	35,779	35,805	35,431
Inter-American Development Bank - Multilateral Investment Fund	-	29,591	32,614
Inter-American Investment Corporation	18,000	30,352	30,898
International Fund for Agricultural Development	20,000	15,004	15,004
<b>Total</b>	<b>1,174,796</b>	<b>1,437,097</b>	<b>1,554,878</b>

**International Organizations and Programs**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
IO&P	174,500	310,400	314,550

The FY 2004 request of \$314.6 million for International Organizations and Programs (IO&P) will advance U.S. strategic goals by addressing challenges that require international consultation and coordination. In some areas, such as protecting the ozone layer or safeguarding international air traffic, solutions cannot be effective unless problems are addressed globally. In other areas, such as development programs and addressing the needs of children and mothers, the United States multiplies the influence and effectiveness of its contributions through support for international programs. Note that the significant increase in IO&P for FY 2003 stemmed for the most part from the Administration requesting funding for the United Nations Children's Fund (UNICEF) in the IO&P program rather than USAID's Child Survival and Health account.

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

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 2002 and FY 2003 contribution level in FY 2004 will help continue to leverage increased contributions by other governments and demonstrate the U.S. commitment to an efficient and responsive human rights mechanism.

**UN Voluntary Fund for Victims of Torture**

Contributions to this Fund also support the U.S. foreign policy goal of promoting democracy and human rights. Assisting torture victims helps establish and reinforce a climate of respect for the rule of law, good governance and 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 nearly doubled in the past five years – from \$6.8 million in 1997 to \$12 million in 2002. Today, 80,000 victims of torture and their relatives and about 200 organizations around the world are assisted by the Fund. Types of assistance to torture victims provided by the Fund are by order of importance: psychological, medical, social, legal, and economic.

**OAS Fund for Strengthening Democracy**

Strengthening democracy in the Western Hemisphere is a key U.S. policy objective. FY 2004 funding 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 Inter-American Democratic Charter, approved in September 2001, is an historic document that boldly affirms democracy as the only legitimate political system for OAS member states. U.S. democracy

support funds have played an important role in promoting political reform in Peru, in encouraging free and fair elections in Nicaragua, and in strengthening democratic institutions in the Hemisphere, including legislatures, political parties, the justice sector, and civil society. Such funds support the Inter-American Commission on Human Rights, which monitors and adjudicates human rights complaints in the Hemisphere, and contribute to a successful de-mining program that has removed 60,000 land mines in Central America. Mandates of the Summit of the Americas, as well as recent OAS commitments to utilize the Inter-American Democratic Charter as a tool to prevent and address threats to democracy, have substantially increased requests for the OAS to facilitate in addressing internal democratic challenges. A growing and unsatisfied demand for support in areas such as conflict resolution, leadership training, and the newly energized Inter-American Committee Against Terrorism cannot be met through OAS' regular fund.

#### World Food Program (WFP)

WFP is the UN system's front-line multilateral food assistance agency, including emergency food intervention and grant development assistance. WFP uses commodities and cash donated by member countries for humanitarian relief, and social, economic, and environmental development. Commodities are distributed as emergency food assistance in the aftermath of natural and man-made disasters and in protracted relief and recovery operations to assist refugees and displaced persons, as well as development projects that promote food security. WFP operates exclusively from voluntary contributions from member states. 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 in emergency situations.

WFP responds quickly and effectively to numerous man-made and natural disasters. The highest profile operation in recent years was the emergency program in Afghanistan. WFP development projects relate directly to its food aid mission and seek to improve agricultural production, rural infrastructure, nutrition and the environment. Food-for-work projects helped build infrastructure and promote self-reliance of the poor through labor-intensive programs. WFP is the largest provider of grant assistance to Africa within the UN system.

#### UN Development Program (UNDP)

UNDP is the primary technical cooperation agency in the UN system. As the largest provider of grant-based technical assistance, UNDP implements programs in 166 countries, emphasizing poverty alleviation through economic and political reform, democracy and peace building. Its programs support U.S. strategic interests including economic development, democracy and human rights, and global growth and stability. UNDP helps developing countries improve their trade and investment potential, infrastructure, institutions, and rule of law (including anti-corruption). UNDP's universality ensures its presence in 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 will eventually qualify them to participate in the President's New Compact for Development. This is a long-term effort that few bilateral donors are willing or able to tackle on their own, but will undertake collectively through a multilateral organization. Its projects target governance and institutional capacity building.

Increasing demands are being made on UNDP to play a more forceful role in post-conflict situations. It has major reconstruction responsibilities in, among other areas, East Timor and Afghanistan. A strong UNDP is the best way to counter efforts to put "peacebuilding" activities into assessed accounts. 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 2004 request will help ensure that UNDP can sustain this important role while maintaining its important governance and capacity building assistance to governments in the least developed countries.

## UN Development Fund for Women (UNIFEM)

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, engendering governance and peace-building, and promoting women's human rights.

The U.S. contribution to UNIFEM will 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 of our strategic goals: economic development, democracy and human rights, and global growth and stability.

## OAS Development Assistance Programs

The promotion of economic prosperity, social well-being and global environmental issues are key U.S. policy objectives. FY 2004 funding will help advance those goals by promoting OAS Development programs and leveraging additional contributions from member and observer states. The OAS recently established the Inter-American Agency for Cooperation and Development, headed by a U.S. citizen, to strengthen program execution and provide a mechanism for partnerships with private sector and non-governmental entities to develop projects that promote the use of best practices in education, government procurement, and science and technology.

Following the terrorist attacks of September 11, the Agency has been praised for its commitment to training in port security, which supports the U.S. goals of combating corruption and smuggling. OAS also developed an airport security training program for Caribbean international airports and the program will be expanded to Central America, with increased 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 which are available online through the Education Portal of the Americas. Funds are also used to implement cooperative multinational programs in areas such as social and educational development, environmental protection and watershed management, and science and technology.

The National Institute of Standards and Technology offers courses through the OAS on standardization that will allow Latin American and Caribbean countries to place their goods on the world market, an essential prelude to the Free Trade Area of the Americas (FTAA).

## World Trade Organization (WTO)

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 global economy. Small, vulnerable, and transitioning economies were initially reluctant to join the new round of negotiations at Doha, because their limited human and technical resources made it difficult to

implement the previous multilateral trade agreement, the Uruguay Round. To encourage these countries to join this new round of global trade talks and to open their markets further to other WTO members, including the United States, the WTO established the Doha Development Agenda Global Trust Fund (the Fund). The purpose of the Fund is to ensure long-term funding for WTO technical assistance to help developing countries implement previous agreements and participate fully in the upcoming negotiations. Successful and timely conclusion of the new round will help achieve our strategic goals of further market opening, expansion of U.S. exports, and international growth and stability.

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

#### International Civil Aviation Organization (ICAO)

ICAO's Aviation Security Program is aimed at enhancing security in light of post-September 11 threats to civil aviation. ICAO moved quickly to develop the new standards for cockpit security and crew procedures. It also established a security audit program based on its already successful safety audit program in which it monitors compliance of safety standards by identifying countries that don't adhere to the standards and helping them develop and implement action plans to comply. The FY 2004 request would help ICAO modify security standards to reflect new threats and make the security audit compliance program another ICAO success.

#### UN Environment Program (UNEP)

The FY 2004 request of roughly \$10 million includes a U.S. contribution to support UNEP, the primary international environmental organization, and a range of international programs which it oversees, administers, or with which it is associated. UNEP is the world's largest international environmental organization and oversees a series of programs and activities of interest to the U.S. This request level is necessary to continue funding UNEP's important work, such as promoting the sound management of toxic chemicals and pesticides, addressing land-based sources of marine pollution, and identifying emerging environmental problems. U.S. funding also helps fund the secretariats of several important environmental agreements, including the interim secretariat for the recently signed Stockholm Convention on Persistent Organic Pollutants, and UNEP-related programs, including the Intergovernmental Forum on Chemical Safety, the Caribbean Environmental Program, and the South Pacific Regional Environment Program. The U.S. contribution is expected to leverage funding from other major donors.

#### Montreal Protocol Multilateral Fund

The U.S. contribution to the Montreal Protocol will benefit U.S. national interests by protecting the health of American citizens, the world community, and the global environment. The agreement, the Montreal Protocol on Substances that Deplete the Ozone Layer, ratified by the United States in 1988, protects the ozone layer by setting forth measures to control the global emissions of substances, such as chlorofluorocarbons, that deplete it. These manufactured chemicals emitted into the atmosphere have led to the destruction of the stratospheric ozone layer, permitting dangerously high levels of ultraviolet (UV) light to reach the earth's surface. Increasing UV radiation has been linked to higher rates of skin cancer, cataracts, and immunosuppression in humans and other animals, as well as harmful alterations to global ecosystems. Since the inception of the Fund, over \$1.2 billion in assistance has been provided for agreed

incremental costs arising from facility conversions that reduce emissions of ozone depleting substances. This assistance has gone to over 3,500 projects in 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). In addition to the \$21 million requested in IO&P, the Administration is requesting \$11 million in the Environmental Protection Agency's budget and \$5 million in the U.S. Department of Agriculture's budget to support the Protocol. The Fund will help ensure that developing countries meet their commitments to completely phase out the use of ODSs. To date, U.S. contributions have provided significant opportunities for American industries to export technologies and consulting expertise. The United States is a leader in ozone protection technologies and has captured a significant portion of the economic opportunities created by Multilateral Fund projects.

### International Conservation Programs

Many countries face the daunting challenge of improving human welfare while at the same time conserving economically and ecologically vital natural resources. Resource conservation and sustainable management for the benefit of people, locally and nationally, is at the heart of achieving long-term sustainable development goals and an important factor in achieving economic and political security in many countries worldwide. Unsustainable and illegal harvesting and trade in timber, wildlife, coral and other resources rob governments of much needed revenue, destroys the environment, and erodes the economic base of many developing and transition economies. U.S. voluntary contributions to the following international conservation programs help address these problems and improve resource management by enhancing political commitment, strengthening institutions and building capacity for resource management and law enforcement. In addition, these programs offer mechanisms for the exchange of information and know how, including new environmental technologies, which have provided significant opportunities for promotion of U.S. expertise.

- The Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES), concluded in Washington, DC in 1973 as the first global conservation treaty, protects endangered plant and animal species around the world by monitoring and managing their international trade. CITES advances U.S. environmental goals to conserve species of global importance, while affording opportunities for sustainable trade. The United States, as a founding member and major donor, has substantial influence in CITES and successfully promotes our views on the need to enhance the preservation of key species, such as whales and elephants. The United States currently serves as chair of the CITES Standing Committee.
- The Ramsar Convention on Wetlands of International Importance, signed in 1971, provides the only global framework for national action and international cooperation for the conservation and wise use of wetlands. The Convention, with 135 Parties, has designated 1,230 wetlands sites, in cooperation with respective host governments, for inclusion in the Ramsar List of Wetlands of International Importance. The U.S. voluntary contribution to the Ramsar Convention helps to implement the wetlands conservation objectives 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. Other U.S. goals include strengthening the work of the Convention to develop good practice guidelines drawing on U.S. experience to assist parties to conserve and restore their wetlands, and to raise awareness of the impacts of invasive alien species and identify actions for their control, prevention and eradication where practicable.

- The International Tropical Timber Organization (ITTO) is the only international forum in which both producing and consuming countries of tropical timber participate in efforts to address all aspects of the tropical timber economy and its environmental impact. Its 53 members represent 95 percent of world trade in tropical timber. The United States is one of the world's largest importers of tropical timber, and U.S. domestic and importing industries actively participate in ITTO. ITTO's recognition of the timber market's dependency on sustainable harvesting links U.S. trade interests with U.S. priorities for sustainable forest management, with the goal of ensuring a long-term supply of tropical wood from well managed forests. Modest U.S. voluntary contributions leverage several million dollars a year in co-financing from other major donors (Japan, Switzerland, Netherlands) of concrete projects and activities designed to improve management of timber producing forests in exporter countries and maintain a healthy world tropical timber economy. The United States currently serves as Vice Chair of the ITTO Council.
- The Convention to Combat Desertification (CCD) stresses the global dimension of land degradation and is intended to address the fundamental causes of famine and food insecurity, especially in Africa, by stimulating more effective partnership and the dissemination of information and know how among government representatives, local communities, NGOs and the donor community. While global in scope, the Convention emphasizes regional and national grass roots implementation. U.S. voluntary contributions support implementation of the Convention, to which the United States became a party in February 2001, and provide an excellent opportunity to share U.S. experiences and expertise regarding combating desertification.
- The World Conservation Union (IUCN) is a unique organization that brings together several hundred government and non-government members to encourage and assist communities around the world to conserve and promote sustainable use of natural resources by providing sound scientific and technical advice. IUCN also has six technical commissions that draw on the knowledge base of 10,000 volunteer scientific experts worldwide. Voluntary funding from the U.S. helps shape IUCN's activities in ways that advance U.S. conservation and sustainable development objectives and complement the international environmental priorities of U.S. domestic agencies. In this context, U.S. priorities for IUCN include activities to conserve and wisely manage forests, coral reefs and other marine ecosystems, to combat land degradation and to raise awareness and implement actions to address the environmental and economic impacts of invasive alien species, estimated at billions of dollars each year.
- The U.S.-inspired UN Forum on Forests (UNFF) was established in October 2001 as a successor to the ad hoc Intergovernmental Forum on Forests in order to catalyze coordinated actions among the many forest related international organizations and treaties and to facilitate national actions to conserve and sustainably manage forests. To this end, the UNFF is supported by the Collaborative Partnership on Forests, which includes the heads of 13 international organizations and institutions dealing with forests. U.S. voluntary contributions to UNFF are facilitating our efforts to make the Forum a practical and results-oriented mechanism that will advance U.S. interests in forest conservation and sustainable management globally and will help bring the forest standards of other countries to the level of U.S. practitioners.
- 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. These 12 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 promote U.S. domestic tools for assessing and monitoring the state of forests in member countries and, in turn, policy decisions designed to improve forest management.



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

The IPCC and UNFCCC are the premier international structures for scientific assessments of climate change and for multilateral efforts addressing climate change. U.S. participation in the IPCC and UNFCCC encourages an international approach to climate change that is science-based and consistent with U.S. environmental and economic interests.

The FY 2004 budget request for the IPCC and UNFCCC will be used to maintain a traditional level of support to IPCC core activities and programs; the UNFCCC core budget for the 2004-05 biennium; and voluntary contributions toward UNFCCC trust funds for developing country participation; and for supplementary activities that advance U.S. interests.

President Bush stated in his February 14, 2002 announcement of the new U.S. approach to climate change: "I reaffirm America's commitment to the United Nations Framework Convention and its central goal, to stabilize atmospheric greenhouse gas concentrations at a level that will prevent dangerous human interference with the climate." 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)

ICSECA supports U.S. international efforts to secure a sustainable global environment and to promote democratic practices and respect for human rights through participation in selected UNESCO activities. FY 2004 funds will support programs that enable the U.S. to take initiatives within the UNESCO context. These support and promote the advancement of scientific knowledge and capacity building in science, as well as the preservation of important natural and cultural heritage sites in an effort to underscore U.S. support for cultural diversity.

Fiscal Year 2004 funding is intended to support the Intergovernmental Oceanographic Commission (IOC), a functionally autonomous body of UNESCO that serves as the only intergovernmental forum dealing with global ocean science. IOC programs continue to be of high national priority. For example, the President's Climate Change Science Program is critically dependent on the implementation of global observing systems for climate. IOC facilitates implementation of the oceanic components of these systems. We also plan to support the World Heritage Fund's programs that protect and preserve the most important natural and cultural heritage sites of "universal value" (e.g., the Taj Mahal, the Statue of Liberty, the pyramids of Egypt, the Serengeti National Park, Machu Picchu, and the Grand Canyon). This funding will be provided via the World Heritage Committee, which is charged with the U.S.-initiated 1972 World Heritage Convention.

## World Meteorological Organization (WMO) Voluntary Cooperation Program

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 observation, 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 regional and bilateral partners. Our request for \$2 million in FY 2004 will be utilized by the National Weather Service to support WMO/VCP programs that enhance U.S. weather forecasting capabilities.

#### United Nations Children's Fund (UNICEF)

Since its creation in 1946, UNICEF has maintained its responsibilities for children in emergency situations but also has become the pre-eminent long-term development fund addressing the needs of children and mothers. The FY 2004 U.S. contribution to UNICEF will aid in providing goods and services directly, as well as in developing national capacity to help meet basic needs in maternal and child survival and health care, sanitation, clean water, nutrition, primary education, HIV/AIDS prevention, and child protection (child labor, child soldiers, and the commercial sexual exploitation of children). UNICEF has approximately 5,600 posts in 161 countries. Its development work complements USAID's Child Survival and Health programs fund and the Center for Disease Protection's polio eradication program and is closely coordinated with those U.S. agencies. Working with the UN Office for the Coordination of Humanitarian Affairs, UNICEF provides emergency assistance in countries destabilized by civil strife or natural disasters, most recently in Afghanistan, Kosovo, East Timor, and Africa. With two decades of on-the-ground experience in Afghanistan, UNICEF is concentrating on immunizations and vitamin A supplements, water and sanitation, and primary education.

#### UN Guards Contingent in Iraq

The UN Guards Contingent in Iraq (UNGCI) program ensures the safe delivery of supplies under the UN Oil-for-Food program and provides protection to Oil-for-Food workers and other UN workers in Northern Iraq. Northern Iraq, where the UN is responsible for implementing the program, is not controlled by Baghdad. The security risks and requirements are far higher in Northern Iraq than in other areas where the UN operates. The force consists of 89 guards with both military and police backgrounds whose services are contributed by their countries. They provide communications and some basic medical services, perform escort and patrol duty for humanitarian convoys and workers, and supervise approximately 800 local-hire guards. They also support other UN agencies operating in northern Iraq and protect UN warehouses storing Oil-for-Food supplies. The Government of Iraq has been unwilling to guarantee the safety of humanitarian workers in Northern Iraq. We must make clear our commitment to the safety of UN personnel working under difficult conditions in Iraq. It is also essential to U.S. policy to ensure the continued success of the program, especially in northern Iraq, where it is not under the direct control of the Iraqi regime. Regularizing funds for this program will achieve these goals.

**International Organizations and Programs**  
(\$ in thousands)

	<b>FY 2002 Actual</b>	<b>FY 2003 Request</b>	<b>FY 2004 Request</b>
<b>International Organizations</b>			
International Civil Aviation Organization	300	300	1,000
UN Environment Program	10,750	10,025	10,025
Montreal Protocol Multilateral Fund	25,000	23,000	21,000
International Conservation Programs	7,700	6,225	6,225
World Meteorological Organization	2,000	2,000	2,000
World Trade Organization	1,000	1,000	1,000
UN Voluntary Fund for Technical Cooperation in the Field of Human Rights	1,500	1,500	1,500
UN Voluntary Fund for Victims of Torture	5,000	5,000	5,000
World Food Program	6,000	-	6,000
UN Development Program	97,100	100,000	100,000
UN Development Fund for Women	1,000	1,000	1,000
International Panel on Climate Change/UN Framework Convention on Climate Change	7,400	5,600	5,600
International Contributions for Scientific, Educational, and Cultural Activities	1,750	1,750	500
UN Children's Fund	-	120,000	120,000
UN Guards Contingent in Iraq	-	-	700
Reserve to be Allocated	-	25,000	25,000
OAS Development Assistance Programs	5,500	5,500	5,500
OAS Fund for Strengthening Democracy	2,500	2,500	2,500
<b>Subtotal - International Organizations</b>	<b>174,500</b>	<b>310,400</b>	<b>314,550</b>
 <b>Total</b>	 <b>174,500</b>	 <b>310,400</b>	 <b>314,550</b>

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## 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 2002 Actual	FY 2003 Request	FY 2004 Request
CSH	6,056	5,400	11,200
DA	5,118	2,750	2,500
ESF	0	0	3,500
IMET	0	100	100
NADR-HD	2,800	3,500	5,300
NADR-SALW	70	0	0
P.L. 480 Title II	31,616	8,004	7,538

The primary U.S. interests in Angola are regional stability, democracy, human rights, humanitarian assistance, and open markets. 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 building a lasting peace and 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. The new stability in Angola 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 7 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.

The United States is actively engaged in bilateral and multilateral efforts to address the humanitarian repercussions of the conflict in Angola and seeks to support the creation of the political, economic, and social foundations for the new peace to take hold. U.S. assistance is designed to help Angola establish the basis for peaceful development after enduring decades of devastating conflict, including by expanding economic reforms, political pluralism, transparency, civil society and preparing for eventual elections, possibly in 2004. Previous U.S. assistance has encouraged progress in all these areas, expanding prospects for economic and political reform, as well as improving prospects for social justice and the addressing of Angola's humanitarian needs. Successful completion of democratic elections, initiation of resettlement and reintegration programs for Angolans displaced by conflict, and the adoption of an internationally approved economic reform program are important benchmarks indicative of progress on the U.S. goals in Angola.

Decades of civil war have destroyed the Angolan health system, and the country has some of the worst health indicators in the world. FY 2004 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, counseling and voluntary testing for HIV.

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 internally displaced persons (IDPs). FY 2004 Non-Proliferation, Arms Control, 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.

FY 2004 Development Assistance (DA) funds will support the resettlement of approximately 4 million IDPs. It 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.

The end of the civil war offers a window of opportunity to introduce multi-party democratic reforms in Angola. FY 2004 DA-funded democracy and governance programs are intended to strengthen elements of civil society, including NGOs, the independent media, and political parties. This includes promoting civic education, building coalitions, supporting constitutional revision, and promoting adult female literacy through technical assistance and training for local civil society organizations (CSOs) and NGOs. This improves these organizations' capacity to advocate for democratic reforms and serve as a check on government actions. These efforts will be supplemented by small grants from regional Democracy and Human Rights funds (DHRF) and Special Self-Help funds (SSH).

FY 2004 Economic Support Funds (ESF) will be used to further support Angola's democratic transition through additional training for NGOs and CSOs, political party development, efforts to strengthen independent media, and assistance to national elections expected for late 2004 or early 2005. ESF will also be used to support legal sector reform efforts, including investment legislation and land tenure. In addition, FY 2004 ESF will be used to support initiatives to promote private sector development and economic reform that will support Angola's efforts to qualify for benefits under the African Growth and Opportunity Act, including efforts to combat corruption and improve economic governance.

Modest funding for the International Military Education and Training (IMET) program in FY 2004 will advance initiatives to promote greater awareness in the Angolan military of democracy, human rights, the rule of law, and effective civil-military relations. It will also provide English language courses to improve the Angolan military's ability to interact with U.S. officials. Angola will be eligible in FY 2004 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Equipment requested through this program will be used to increase the Angolan military's ability to execute humanitarian demining operations and provide support to other civic action programs.

Under U.S. -funded agricultural assistance programs, technology transfer has resulted in significant production increases for farmers in Benguela province – 30 percent for corn, 24 percent for beans, and 18 percent for sorghum. New water supplies provided under the program enabled 95 percent of farmers in one area of Benguela to grow vegetables, 65 percent of them for the first time since independence in 1975. Five farmers' associations that were supported under the programs worked jointly to market corn production, resulting in an increase of 60 percent in the price paid for their products.

In the health field, USG programs have resulted in significant behavior change. Promotion of the use of condoms to prevent the spread of HIV increased from 83 percent to 93 percent in the past year, for example, and the use of oral rehydration therapies and breastfeeding by mothers has doubled during the life of the project. Similarly, the percentage of Angolan mothers who know how to properly treat malaria has increased from 1 percent to 34 percent.

U.S.-funded assistance to Angola's democracy and governance sector has enabled advocacy groups to provide input on key issues. Their effective lobbying of government resulted in the provision of land and building materials for 4,000 internally displaced persons (IDPs) and the adoption of the Southern African Development Community (SADC) regional HIV/AIDS code into Angolan law, providing key human and civil rights protections to HIV/AIDS sufferers. Efforts over the past year to strengthen independent media resulted in a 21 percent increase in radio programs on constitutional and human rights issues.

**Benin**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
CSH	7,743	6,343	7,529
DA	8,982	7,923	6,892
IMET	502	400	500
P.L. 480 Title II	4,687	4,023	4,699
Peace Corps	2,280	2,678	3,079

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 education, 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 2004, 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 non-governmental health institutions' HIV/AIDS prevention and family planning strategies, improve school attendance, and enhance child health care. Economic Support Funds, through the Africa Regional Fund, will be used to bolster Benin's democratic institutions and ensure the success of March 2003 legislative elections through training of the National Elections Council, political party education and conducting candidate/citizens' fora. ESF dedicated to similar activities in 2002 played a vital role in Benin's successfully conducting its first-ever local election, a vital step in bringing democracy closer to the grassroots. 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, in which children are sent to work and be educated with relatives. 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 2004, International Military Education and Training (IMET) will reinforce civilian control of Benin's military and help develop a professional, non-political, and well-trained military force, contributing to Benin's stability and regional peacekeeping capacity. IMET courses will continue to focus on command and Staff College, civil-military relations, English language training, and technical specialty training. IMET training, as well as the Peacekeeping Operations (PKO) funded regional African Contingency Operations Training and Assistance (ACOTA) program conducted in 2002 and previous years, was instrumental in Benin's ability to contribute troops to the ECOWAS peacekeeping force to Cote d'Ivoire in January 2003, a mission vital to the entire region's stability. In FY 2004 Benin's armed forces will be eligible to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. EDA would support Benin's participation in regional peacekeeping activities.

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

**Botswana**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
FMF	1,000	1,000	1,000
IMET	692	600	700
Peace Corps	215	1,209	1,565

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

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

Botswana enjoys relative economic prosperity and is not a recipient of bilateral Development Assistance (DA). U.S. goals in the areas of democracy, economic development, and global issues such as HIV/AIDS and the environment are generally supported by a variety of regional funding programs. Botswana is eligible to receive trade benefits under the African Growth and Opportunity Act (AGOA) and in August 2001 qualified for AGOA textile/apparel preferences after putting in place customs control measures to counteract illegal transshipment.

U.S. government agencies, led by the Centers for Disease Control and Prevention, contributed about \$10 million in FY 2002 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 35.8 percent of adults aged 15-49. Life expectancy has been reduced from 69 to 44 years, and today's 15-year-olds have a better than fifty percent chance of dying of HIV-related causes. The epidemic threatens to shave 1.5 percent per year off Botswana's GDP growth rate.

Botswana has one of the region's most professional and responsible military establishments and offers a model for civilian-military relations for the rest of the continent. Botswana has provided a venue for regional military exchanges that have fostered a spirit of regional cooperation. Through the International Military Education and Training (IMET) program the United States seeks to expand connections with Botswana's military leaders and support their interest in strengthening both regional civil-military and military-military relations, as well as improve their capacity to participate meaningfully in peacekeeping operations. The FY 2004 IMET program will continue to train Botswana Defense Force (BDF) officers.

Botswana will continue to receive Foreign Military Financing (FMF) in FY 2004. 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 2004 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 2002 Actual	FY 2003 Request	FY 2004 Request
IMET	0	50	50
P.L. 480 Title II	10,345	10,121	8,353
Peace Corps	1,824	2,509	2,964

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

Burkina Faso continues to be among the poorest of African countries. A cycle of droughts and continued desertification has severely affected agricultural activities, population distribution and economic development. Only 13 percent of the land is arable and the soil is impacted by overgrazing, depletion of nutrients and deforestation.

The Government of Burkina Faso has ratified five of 13 international anti-terrorist accords and has endorsed the remaining eight.

The United States continues to support democracy through diplomacy and Development Assistance (DA) grants from the Democracy and Human Rights Fund (DHRF). FY 2004 DHRF will continue to support distribution of materials, in local languages, on democracy, human rights and rights under Burkinabe law. Other funding sources will be requested to support electoral reform and party development.

Should Burkina Faso halt activities to destabilize its neighbors, FY 2004 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. Courses offered in FY 2004 will reinforce within the military basic democratic concepts such as civilian control of the military and respect for human rights.

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

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



**Burundi**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
CSH	400	500	2,500
DA	4,200	3,500	1,800
ESF	0	0	3,500
IMET	0	50	100
P.L. 480 Title II	2,496	0	9,500

The primary U. S. national interests in Burundi are protection of American citizens, democracy, and humanitarian response. Ensuring the safety of American citizens is important because of Burundi's nine-year civil war. The prevention of genocide and other forms of mass killing is a high priority given Burundi's history. Failure of the ongoing peace process could bring a return to the ethnic-based civil war that has already cost over 200,000 lives and required substantial humanitarian assistance. A peace accord was signed in August 2000, a transition government installed in November 2001, and cease-fire agreements between all but one of the rebel groups and the government signed in October and December 2002. Nonetheless, the country continues to be plagued by conflicts that generate humanitarian crises and human rights abuses, threaten regional stability, stifle democratic government, and preclude economic development. Once the remaining rebel group is incorporated in the peace process and a permanent cease-fire is in place, Burundi will be better placed to advance towards a democratic government and the development of its economy, contributing to the stability of the Great Lakes region.

The United States' diplomatic and financial support of the Burundi peace process, which has been facilitated by former South African President Nelson Mandela and most recently by the South African Deputy Vice President, has been instrumental in the advancement of peace in Burundi. In prior years the United States has provided Economic Support Funds (ESF) under regional programs to support the peace negotiations in Tanzania, conflict resolution throughout the country, and the Implementation Monitoring Committee, which oversees the implementation of the peace agreement. Additionally, the United States has supported the South African Special Protection Unit currently in Burundi to protect returning opposition political figures, as provided for in the peace agreement.

FY 2004 ESF will continue to support peace and reconciliation efforts; justice reform; efforts to strengthen civil society through technical assistance and training to independent radio; the rule of law, including legal case studies and assistance; youth activities; and other programs supporting these goals. FY 2004 Child Survival and Health funds will expand the availability of basic social services and an integrated disease surveillance and response capability, focused on tuberculosis and malaria, and will also support polio immunization, infectious disease and HIV/AIDS prevention, and community-based care programs. Development Assistance (DA) funding in FY 2004 will expand opportunities for productive livelihoods in Burundi, focusing on rural Burundians who have inadequate access to enterprise skills, credit and 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.

The Burundi peace agreement calls for the formation of a new, ethnically balanced military. Once political and security events have evolved satisfactorily, the United States will begin a small program to assist the military in its integration and reform efforts. The FY 2004 International Military Education and Training (IMET) program may include an orientation tour for high-level military personnel to US military training institutions and courses covering civil-military relations, human rights, and military justice.

If the peace process continues to advance and the cease-fire holds, Burundi will be eligible in FY 2004 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Grant EDA could be used to help support the reorganization of the army mandated in the peace agreement.

The President determined that Burundi was not eligible to receive trade benefits under the African Growth and Opportunity Act in 2003.

**Cameroon**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
IMET	193	200	200
P.L. 480 Title II	284	0	0
Peace Corps	2,861	2,996	3,534

The primary U. S. national interests in Cameroon are promoting democracy, including 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 lack strength and human rights abuses by Cameroon's security forces are a concern. In addition, Cameroon's strategic location and excellent airport facilities make it ideal as a base for regional programs in humanitarian affairs as well as trade and commerce.

Economic Support Funds (ESF) provided in prior years through regional programs were used to train members of non-governmental organizations and independent media who work on monitoring and tracking human rights issues. FY 2004 ESF grants, through the Africa Regional Fund, will be used to support civil education activities and voter registration programs in French, English and indigenous languages in the lead up to the 2004 presidential elections. This will aid in moving toward improved democracy and governance.

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

International Military Education and Training (IMET) funds for FY 2004 will be used for professional military development courses that stress resource management, civilian-military relations, officer professionalization, and English language proficiency. Support to the Cameroonian military promotes positive military-to-military relationships and increases understanding of the constructive role the military can play in promoting civilian programs. IMET funds help ensure more ready access to Cameroonian air and port facilities.

Cameroon will also be eligible in FY 2004 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. EDA material will support Cameroon's internal security, counter-drug, and continuing professionalization and modernization efforts.

**Cape Verde**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
IMET	146	120	120
P.L. 480 Title II	3,774	3,500	3,499
Peace Corps	1,258	1,352	1,498

Cape Verde is an island nation of stability and democracy in a region of instability. Democracy continues to be the principal U.S. national interest, along with our humanitarian interest in averting starvation in this arid island nation. Although it harbors no known terrorists, Cape Verde has been an enthusiastic supporter of the war against terrorism; 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 is incapable of food self-sufficiency and must import between 76 to 90 percent of its food each year. P.L. 480 Title II funds have been used to meet this chronic food deficit. Funds generated by monetization have contributed to the development of improved agriculture techniques and higher yield crops. The program is a model for food aid management. It has succeeded in providing food and promoting sustainable, profitable, economic activities, including a micro loan program with a payback rate of over 98 percent. FY 2004 P.L. 480 Title II funding for this program will relieve human suffering and encourage the development of open markets.

Economic development and humanitarian assistance are also areas where the Peace Corps, active on all of Cape Verde's inhabited islands, plays a pivotal role. Volunteers are involved in projects ranging from English language teaching and education to urban planning and assisting local government 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 2004 International Military Education and Training (IMET) funds will provide 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 2004 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, increasing stability in Cape Verde and the region. 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 2002 Actual	FY 2003 Request	FY 2004 Request
IMET	128	110	150
P.L. 480 Title II	760	0	0

Key U.S. interests in the Central African Republic (CAR) are democracy, economic development, and humanitarian assistance. U.S. goals include 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.

The CAR, which was already recovering from an attempted coup d'état in May 2001 to depose the democratically elected government of President Patasse, is suffering from the aftermath of a second attempted coup in October 2002. Coup-related military and rebel actions have resulted in disruption of the economy, destruction of property, and a large out-flow of civilian and military refugees into neighboring countries. Progress has been made in restoring order in the capital and the government is functioning normally. 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 from the attempted coup. Rebel troops are still at large in the countryside, contributing to the CAR's instability. 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.

The CAR is eligible to receive trade benefits under the African Growth and Opportunity Act. Through regional Economic Support Funds (ESF) provided in prior years, the United States supported the CAR's democratic development through civic education programs on a non-profit radio station and training for members of parliament. FY 2004 ESF grants from the Africa Regional Fund will support local elections, including voter education and registration and training of polling personnel. FY 2004 regional funds will also support a Truth and Reconciliation Commission as part of a national dialogue to bring diverse elements of the society together, and will be used to help rehabilitate health clinics needed by the population to help contain the spread of disease.

FY 2004 International Military Education and Training (IMET) funds will help promote basic democratic values and respect for human rights in the CAR's armed forces. IMET programs will include English language training, professional military education and training on civil/military relations, and military justice.

If security in the CAR improves, it will be eligible in FY 2004 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Grant EDA would provide the CAR additional means to protect its borders and lead to increased stability for the CAR and the region as a whole.

**Chad**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
IMET	216	130	150
NADR-HD	350	350	650
P.L. 480 Title II	3,743	0	2,327
Peace Corps	0	1,073	1,302

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 that oil revenues benefit local communities and protect the environment through poverty alleviation programs and project-related environmental safeguards.

Chad is eligible to receive trade benefits under the African Growth and Opportunity Act. Economic Support Funds (ESF) provided in prior years through Africa Regional Democracy funds and the Education for Development and Democracy Initiative supported commercial law training and educational programs for girls. FY 2004 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 also be supported through FY 2004 International Military Education and Training (IMET) funds for training on civil-military relations, military justice, and human rights issues. The IMET program enables U.S. trainers to build important military-to-military contacts that help combat anti-U.S. influences in Chad, 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 2004 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 2004 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 2002 Actual	FY 2003 Request	FY 2004 Request
IMET	0	50	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. There is continued stress between the elected national president and the elected presidents of the three islands that comprise the Union of Comoros. 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 in the Union of Comoros is 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. FY 2004 International Military Education and Training (IMET) programs will help build a professional military that respects civilian rule. These training programs will include professional military education and training on appropriate civil-military relations issues. 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 2002 Actual	FY 2003 Request	FY 2004 Request
IMET	0	50	0
Peace Corps	2,952	1,244	1,728

The primary U.S. national interests in Côte d'Ivoire are the restoration of peace and the return of civilian rule to areas occupied by rebel forces since September 2002. Following a peace settlement, ongoing goals are strengthening democracy, 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 also needs to 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 questionable charities or possibly Hezbollah are areas of concern. Any peace settlement will leave dissatisfied factions, and a long-term 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 Burkinabe and Liberian involvement in the fighting contribute to the potential for the conflict to pull in these two neighbors. This volatile situation argues against reengagement with the Ivoirian military. In the event of a durable peace agreement this assessment would need to be reevaluated. A return to economic growth and development in Africa's third largest economy also would lessen the potential need for humanitarian assistance and improve U.S. export opportunities.

USAID has not had a bilateral presence in Côte d'Ivoire for many years. Although 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 2004.

Sanctions that prohibit provision of foreign assistance are mandated by Section 508 of the Foreign Assistance Act (FAA) and were applied after Côte d'Ivoire's December 1999 military coup d'etat and the flawed October 2000 presidential election, in which junta leader General Gueï excluded the two top parties' candidates. Laurent Gbagbo won these elections, though they were seriously flawed, and began a Presidential term that expires in 2005. The sanctions remain in effect. Reports of human rights abuses by Government of Cote d'Ivoire forces since September 2002 and the unstable situation make it highly unlikely that the sanctions will be lifted in the foreseeable future. Prior to September 2002, the administration of President Gbagbo had made significant progress towards normalcy. It held free and fair municipal elections in March 2001, and concluded a successful National Reconciliation Forum that engaged the leaders of the government and three primary opposition groups to agree on next steps. It is now engaged in negotiations in Paris to resolve the conflict.

By exercising waivers to Section 508, we have been able to engage with Cote d'Ivoire to fund reconciliation projects to bring peace and stability to this war-torn nation. We also have provided Africa Regional Economic Support Funds (ESF) to undertake anti-terrorist cooperation with Côte d'Ivoire in the areas of border control, financial controls, and aviation security.

If Côte d'Ivoire regains its eligibility in FY 2004 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the FAA, grant EDA will be used to support Cote d'Ivoire's ongoing efforts to secure its borders and would provide a tangible indication of our cooperative relationship.

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 2003 in hopes that AGOA would contribute to rebuilding the economy following a peace settlement.

**Democratic Republic of Congo**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
CSH	21,178	13,476	18,086
DA	4,773	10,024	6,082
ESF	0	0	4,250
IMET	0	50	100
P.L. 480 Title II	11,555	0	0

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

The United States has worked with the international community to pursue a negotiated end to the war and a transition to democratic rule in the DRC. The July and September 2002, agreements between the DRC government and Rwanda and Uganda, respectively, led to the withdrawal of most of those foreign troops from DRC territory. As a result of the withdrawal of these and other foreign troops from the DRC, in December 2002 the UN Security Council expanded the mandate and troop ceiling of the UN peacekeeping operation in the DRC. Political discussions among Congolese parties led to an inclusive transitional agreement in that same month. Outstanding issues including the security of Kinshasa, military integration, and the transitional constitution remain under discussion.

Returning one of Africa's largest countries to peace and stability will require important initial U.S. investments aimed at jump-starting the reintegration of former combatants, establishing civilian control over vast territories, and promoting national reconciliation. FY 2004 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. Initial FY 2004 ESF investments will also offer a crucial foothold for future U.S. interests in this resource-rich country.

Upon resolution of the conflict, International Military Education and Training (IMET) will be used to assist the large tasks of security sector reform and integration of the various Congolese forces. IMET funds would be used for professional training and development, particularly in Expanded International Military Education and Training (E-IMET) courses such as civil-military relations, the rule of law, and respect for human rights. The DRC may also be eligible in FY 2004 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Upon resolution of the conflict, grant EDA would support efforts to rebuild the military and assist with maintaining internal security.

FY 2003 Child Survival and Health (CSH) funds, programmed through non-governmental channels, support child survival, basic health, HIV/AIDS and other infectious diseases programs. In FY 2004, CSH funds will continue to focus on health, including programs aimed at combating HIV/AIDS, reducing maternal mortality, and expanding immunization coverage throughout the country. In FY 2004, Development Assistance (DA) funds will be used to support democracy, governance, agriculture and food security, conservation efforts, and improvement in the quality of basic education.

As there has been progress in economic and political reforms, the President determined in CY 2002 that the DRC is eligible to receive trade benefits under the African Growth and Opportunity Act (AGOA), but that these benefits would be implemented only after a transitional government is established.

**Djibouti**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Estimate	FY 2004 Request
FMF	0	0	2,000
FMF-SUP	1,500	0	0
IMET	163	185	225
NADR-HD	404	250	0
P.L. 480 Title II	1,059	0	0

The primary U.S. national interest in Djibouti is security. Djibouti hosts the only U.S. military base in sub-Saharan Africa with over 1,000 U.S. military personnel physically on the ground and several hundred more afloat offshore. In addition, Djibouti has been designated 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. A predominantly Muslim country (94 percent) and Arab League member, Djibouti has responded positively to U.S. requests to interdict terrorists, their supporters, and their financial resources. In short, Djibouti is an African front-line state in the war on terrorism and stands shoulder-to-shoulder with the United States and the coalition. The U.S. also is interested in promoting democracy and economic development in Djibouti.

Djibouti hosts forces from several counter-terrorism coalition partners, including the largest French military base outside of France, and contingents from Germany, Spain, and the United Kingdom. Djibouti's deep-water port enhances its usefulness to U.S. military planners. Its location at the strategic 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.

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. The 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.

With Djibouti's growing importance to U.S. security concerns in the region, an increase in assistance is anticipated, primarily from regional sources. In FY 2002, regional Economic Support Funds (ESF) were provided in support of Djibouti's first multi-party parliamentary elections. Women participated for the first time and were elected to office. In FY 2004, 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 2004 Africa Regional 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. In addition, the U.S. Agency for International Development is expected to build on programs initiated with FY 2002 supplemental ESF by providing DA to Djibouti in FY 2003 and FY 2004 to enhance workforce development training programs and to combat the country's high illiteracy rate (more than 60 percent).

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 increase the International Military Education and Training (IMET) program in FY 2004 to promote professionalism and respect for civilian rule. IMET courses include professional military education and training on appropriate civil/military relations. Djibouti is eligible to receive Excess Defense Articles (EDA) in FY2004 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 counterterrorism and other security requirements resulting from Djibouti's upgraded security profile as a front-line state in the war on terrorism.

In FY 2004, Foreign Military Financing (FMF) funding will be used to enhance border and coastal security; FY 2002 supplemental FMF was previously used for this same purpose. FY 2004 funding will be used to 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 2002 Actual	FY 2003 Request	FY 2004 Request
IMET	0	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.

In recent years, the United States has not provided assistance to Equatorial Guinea through Development Assistance (DA) or Economic Support Funds (ESF). Consideration will be given to future ESF funding of basic civil education programs if Equatorial Guinea undertakes serious efforts to address revenue distribution, transparency and good governance questions.

If the government of Equatorial Guinea takes appropriate steps to improve in the human rights area, FY 2004 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.

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

**Eritrea**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
CSH	5,350	5,400	5,400
DA	5,558	4,619	840
FMF	250	500	500
IMET	340	400	450
NADR-HD	1,602	1,100	1,000
P.L. 480 Title II	5,564	1,908	2,256

The primary U.S. national interests in Eritrea are democracy and human rights, humanitarian assistance, and counterterrorism. The most important U.S. strategic goals include promoting regional stability through the consolidation of the Ethiopian-Eritrean peace process and ensuring Eritrea's support for the war on terrorism. 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 counterterrorism 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 2004 International Military Education and Training (IMET) and FY 2004 Foreign Military Funding (FMF) funds. FY 2004 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 counterterrorism 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 2004 FMF funds will finance procurement of coastal security and related counter-terrorism equipment.

The FY 2004 Development Assistance (DA) package will finance economic growth, citizen participation, and agriculture. FY 2004 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 include 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 is eligible for African Growth and Opportunity Act (AGOA) benefits. However, the United States warned Eritrea in writing that unless Eritrea made significant progress on the human rights and democracy fronts by June 30, 2003, it would lose its eligibility for AGOA benefits beginning January 2004.

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. In FY 2004, the United States will continue to support the Eritrean demining program using Nonproliferation, Anti-terrorism, Demining, and Related Programs (NADR) funds. Funds will be used for continued contractor oversight, to give the



Eritreans the depth of experience to meet international demining standards, and to procure needed equipment.

Eritrea will be eligible to receive Excess Defense Articles (EDA) in FY 2004 on a grant basis under Section 516 of the Foreign Assistance Act. EDA will be used to help strengthen Eritrea's demining program by providing such items as vehicles, radios, and field equipment.

**Ethiopia**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Estimate	FY 2004 Request
CSH	23,057	31,950	37,168
DA	20,200	18,104	15,438
ESF	0	0	5,000
FMF	250	500	500
FMF-SUP	2,000	0	0
IMET	445	500	570
NADR-HD	1,275	1,000	300
P.L. 480 Title II	58,423	27,281	20,803

Primary U.S. interests in Ethiopia include ensuring counterterrorism support, promoting economic growth, fostering democracy and respect for human rights, supporting regional stability, and providing humanitarian assistance. 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, 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 2003. The long-term effects of the food crisis will continue to be felt in FY 2004.

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 every U.S. interest in Ethiopia. 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. FY 2002 supplemental regional 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 one of the largest and most professional militaries in Africa and 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. Regional ESF funding was approved in FY 2002 for conflict mitigation and to improve livelihoods in critical border areas of Ethiopia, particularly in the southern region near Somalia. FY 2004 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 the potential to emerge as a major peacekeeping contributor in Africa. The United States will continue to encourage Ethiopia to participate in regional peacekeeping initiatives and with the African Contingency Operations Training and Assistance Program (ACOTA), the successor to the African Crisis Response Initiative. In FY 2004, 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 2004 Foreign Military Financing (FMF) will be used to provide Ethiopia with additional equipment to increase its counterterrorism abilities and to finance the existing vehicle and C-130 aircraft contracts. Ethiopia will be eligible in FY 2004 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 2004, Development Assistance (DA) will support sustained economic growth through agricultural programs and enable private sector growth. The challenges are enormous, but food security policy reforms are underway with the USG's strong encouragement. The problem of chronic food insecurity will be addressed in efforts to focus Government of Ethiopia efforts on the poorest rural households, using both DA and innovative programming of P.L. 480 resources. The latter will assist microenterprise development at the community level, and Food for Education will encourage families to keep primary school-age children in school. The Democracy and Governance program will continue to train judges - an excellent long-term investment in Ethiopia's democratic institutions. DA will also be used to improve livelihoods for pastoralists and agro-pastoralists in southern Ethiopia, and to mitigate the effects of disaster, thus promoting U.S. humanitarian interests.

FY 2004 Child Survival and Health (CSH)-funded population programs will continue to assist family planning 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, maternal and child nutrition and combat infectious diseases. Ethiopia is an emphasis country for programs to combat HIV/AIDS. In FY 2003, 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 in maternal to child transmission and orphans. A notable success in this area is the USAID-supported 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.

The USG has provided funds in the past two years to train and equip Ethiopian deminers. This assistance has helped create an indigenous mine action capacity that had been lost due to war with Eritrea. Continued support for mine action programs in Ethiopia will save lives and allow displaced peasants to return to their farms. FY 2004 Nonproliferation, Anti-terrorism, Demining, and Related Programs (NADR) funds will be used to train, equip and provide oversight to the Government of Ethiopia for additional Ethiopian deminers and to help maintain previously trained units.

**Gabon**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
IMET	157	160	160
Peace Corps	2,085	2,424	2,809

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

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

Close military cooperation supports U.S. use of Gabon as a refuge and a staging area for regional evacuations. It also enhances Gabon's peacekeeping capacity, which is being exercised in the CAR. The FY 2004 International Military Education and Training (IMET) program will increase understanding and defense cooperation between the United States and Gabon through programs in military justice, advanced staff training, defense resources management, military health affairs, officer and non-commissioned officer professionalization, and English language training.

Gabon will be eligible in FY 2004 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).

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

**Gambia**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
IMET	48	50	100
P.L. 480 Title II	136	0	0
Peace Corps	1,674	2,033	2,477

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. 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. United States 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 2004 IMET funds will be used to encourage the efforts of the military leadership and the country's civilian government to return the military to its traditionally constructive role. This will be accomplished through training in civil-military relations, military justice, defense resources management, and civic action and humanitarian response.. The Gambia 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 may be used to support The Gambia's participation in peacekeeping operations.

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 2002 Actual	FY 2003 Request	FY 2004 Request
CSH	18,655	20,055	22,220
DA	15,963	18,688	14,575
FMF	400	500	500
IMET	482	500	500
P.L. 480 Title II	12,407	14,951	21,767
Peace Corps	2,465	2,742	3,421

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. Ghana has a national HIV/AIDS rate of infection close to 4 percent.

FY 2004 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. FY 2004 Development Assistance (DA) will tackle corruption and governmental transparency issues by training non-governmental organizations (NGOs) to fulfill a "public watchdog" role. DA funds will also help promote fiscal reform, plan financial/exchange rate market reforms, establish commercial dispute mediation services, and promote investment-oriented regulatory reforms.

FY 2004 CSH will support activities to reduce the rate of HIV/AIDS transmission through aggressive workplace-based education of workers and employers. The dedicated HIV/AIDS account will focus on training community health NGOs, funding mass media AIDS awareness campaigns, and distributing condoms. Prevention of mother-to-child transmission through anti-retroviral therapy provided to pregnant mothers will be funded, as will voluntary counseling and testing services. DA will fund childhood immunizations, continue the development of an Integrated Disease Surveillance system, and combat malaria in concert with the Ministry of Health. DA will continue to fund Ministry of Education efforts to improve access to and quality of public schools. Peace Corps placements will support the focus on HIV/AIDS and educational reform efforts.

In FY 2004, the International Military Education and Training (IMET) program will continue to enhance the professional, technical, and tactical proficiency of members of the Ghanaian Armed Forces through U.S. Professional Military Education courses. IMET will focus on the continued development of effective civilian (Defense Ministry and Parliament) oversight of the military and efficient defense resource management. Furthermore, IMET enhances the armed forces capabilities as an effective participant in peace support operations.

In FY2004, Foreign Military Financing (FMF) will be used to purchase vehicles, spares, rifles, communications equipment and maintenance support to strengthen Ghana's capabilities to conduct peacekeeping operations and counter-terrorist activities. FMF will also be used to provide equipment and training for the Kofi Annan International Peacekeeping Center, which will be used to train regional armed forces in peace support operations.

During previous fiscal years, Ghana received several surplus naval transports under the Excess Defense Articles (EDA) program that are of particular value in supporting regional peacekeeping missions. Ghana will again be eligible in FY 2004 to receive EDA on a grant basis under Section 516 of the Foreign Assistance Act and would use EDA to increase the availability of its armed forces for peacekeeping operations; EDA in 2002 enabled Ghana to receive naval transports that have improved its ability to sustain regional peacekeeping operations, as well as deep-water patrol vessels that have helped Ghana reduce smuggling and illegal fishing in its territorial waters.

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.

Ghana is eligible under the African Growth and Opportunity Act and is eligible 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). It is working closely with multilateral lending institutions to help Ghana transition to a more market-driven economic system.

**Guinea**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Estimate	FY 2004 Request
CSH	6,700	7,160	6,659
DA	15,442	15,765	11,095
IMET	266	250	350
NADR-SALW	103	0	0
P.L. 480 Title II	6,818	3,441	4,474
Peace Corps	2,478	2,812	3,325

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

The bilateral assistance program focuses on agriculture and management of natural resources; providing quality basic education to a larger percentage of Guinean children, with emphasis on girls and rural youth; improving the health and welfare of women and children; and fostering progress in democracy by bolstering civil society organizations, transparent good governance at the local level, and strengthening electoral practices and conduct. FY 2004 Development Assistance (DA) 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 establishing a supportive policy environment. DA funds will train teachers and develop instruction manuals for teachers and students, as well as an interactive radio instruction program. The monies also will target citizen participation in local governance and civic education. FY 2004 Child Survival and Health (CSH) funds will boost the routine immunization program for children and increase access to oral rehydration salts and Vitamin A, increase access to high-quality treatment for sexually transmitted infections, and train HIV/AIDS counselors. The Peace Corps continues to play an active role in health care and education.

In FY 2004, the International Military Education and Training (IMET) program will continue to emphasize the military's role as an institution 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. Courses will also address the impact of HIV/AIDS on the military.

Guinea will be eligible in FY 2004 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Guinea would continue to use EDA for spare parts for U.S.-origin naval vessels, communications equipment, and non-lethal equipment for its army.

Guinea has been eligible for trade benefits under the African Growth and Opportunity Act (AGOA) since 2000. Though Guinea has not attracted the private foreign investment needed to benefit substantially from AGOA, it recognizes AGOA's potential value. To retain its AGOA eligibility, Guinea will need to continue its efforts to reform the criminal justice system and to hold transparent and free elections as well as discontinue support to the Liberian United for Reconciliation and Democracy (LURD). In addition, Guinea



needs to pursue sound economic management policies, implement a poverty reduction program, and insure that investors can operate with consistent application of the rule of law.

**Guinea-Bissau**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Estimate	FY 2004 Request
IMET	69	75	100
NADR-SALW	0	200	0
P.L. 480 Title II	1,298	0	0

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

U.S. assistance to Guinea-Bissau has helped to relieve human suffering, strengthen civil society, increase territorial security, and promote participatory democracy. There are no active USAID programs in Guinea-Bissau at this time. Regional programs through NGOs provide some limited assistance.

Africa Regional Economic Support Funds (ESF) were used in FY 2002 through the Leland Initiative to improve Internet connectivity and benefit societal transparency. The program will increase the Internet bandwidth available to Guinea-Bissau, and provide one-time infusions of basic hardware and technical assistance to the Government of Guinea-Bissau as it develops laws governing the private Internet Service Provider market. Funds in FY 2003 will assist in ensuring that the legislative elections are free and fair.

The International Military Education and Training (IMET) program in FY 2004 will support efforts by the military and the country's civilian, democratic government to downsize the military and to direct the army toward playing a more constructive role in civic action and humanitarian projects. IMET courses will focus on military justice and defense resource management. This modest program, along with ACSS seminars, will also help reinforce military cooperation efforts between GB and its neighbors to enhance regional stability.

Guinea-Bissau is eligible to receive Excess Defense Articles (EDA) in FY 2004 on a grant basis under Section 516 of the Foreign Assistance Act. Provision of grant EDA will enhance the ability of the Guinea-Bissau military to locate and remove landmines and help the Government of Guinea-Bissau to restructure and increase the professionalism of its military.

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

**Kenya**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Estimate	FY 2004 Request
CSH	27,563	33,413	38,513
DA	13,547	13,280	3,776
ESF	0	0	8,000
FMF	0	1,500	6,500
FMF-SUP	15,000	0	0
IMET	486	600	600
P.L. 480 Title II	17,682	12,134	14,262
Peace Corps	3,205	3,283	3,915

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.

In late 2002, Kenya undertook the most important political transition in its 38 years as an independent nation. Incumbent President Daniel arap Moi stepped down to allow his successor, former Opposition Leader Mwai Kibaki, who was chosen in multiparty elections, to assume the presidency. This democratic transition proceeded freely, fairly, and without significant violence, strengthening liberty and human rights for Kenya's 30 million people.

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) and continued access to Foreign Military Financing (FMF) funds for the provision of equipment will enhance Kenya's ability to protect its borders and coast from terrorists. FY 2004 FMF funds will be used to provide several forms of equipment Kenya needs, including patrol boats, communication apparatus (tactical radios), coastal radar, port and runway improvements, truck spare parts, helicopter spare parts and maintenance, basic chemical and biological warfare response equipment, and hospital supplies. FY 2004 IMET funding will be used to increase the professionalism of the Kenyan military and to provide specialized border and coastal security training. FY 2004 FMF and IMET funding will also enhance Kenya's capability and confidence to participate effectively in peacekeeping operations with similar operational requirements. Kenya will also be eligible in FY 2004 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Equipment received under this program will be used to build upon Kenya's existing peacekeeping and counter-terrorist capabilities.

Kenya is among the United Nations' top troop-contributing nations and does not shy away from difficult assignments like Sierra Leone or the Democratic Republic of Congo. FY 2004 Peacekeeping Operations

(PKO) assistance will support multinational peace support exercises at the brigade level between Kenyan headquarters staffs and third-country battalion staffs. These training events test and reinforce interoperability and commonality in a multinational context. They also engage key officials from sub-regional organizations, paving the way for much more effective integration of political peace support mandates and military operations to achieve the objectives set out by the mandates.

President 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 2004 Development Assistance (DA) will be provided in the form of technical assistance and capacity-building grants to local non-governmental organizations (NGOs) to increase the effectiveness of private sector and civil society organizations, enhance the independence of the parliament, and continue to promote a transparent and competitive electoral process. Using FY 2004 Economic Support Funds (ESF), we will also engage with the new government in fighting institutional corruption and will provide technical assistance and training to the judiciary and local government.

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. Successful DA and Child Survival and Health (CSH)-funded operations to fight HIV/AIDS and malaria, improve child health, and reduce fertility rates will continue, as will efforts to promote increased rural household incomes for agricultural smallholders and micro-enterprise entrepreneurs. Previous work in these fields has already reduced child mortality, fertility rates, and rural poverty. Growth of rural incomes will be encouraged through improvements in productivity (including use of biotechnology), market access, and private sector management of key commodities. DA will also be used for improving natural resource management to protect Kenya's wildlife and the important tourism industry that wildlife attracts. Economic Support Funds will support development activities in predominately-Muslim Northeast and Coast Provinces, to counteract the presence of extremist ideologies in these regions. All these programs will provide technical assistance as well as grants to local NGOs to build capacity.

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

FY 2004 P.L. 480 Title II resources will be used to improve food security in arid and semi-arid areas by providing agriculture and livestock production and marketing opportunities as well as promoting sustainable natural resource management practices.

**Lesotho**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
IMET	96	100	125
Peace Corps	1,978	2,281	2,755

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

The HIV/AIDS crisis poses a serious threat to Lesotho's social, political, and economic futures. Lesotho will benefit from regional FY 2004 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 information and services, with a particular emphasis on high-traffic corridors. Previous funding has been employed to conduct studies on transmission trends and initiate public education efforts targeting high-risk groups.

In FY 2004, the regional Democracy and Human Rights Fund (DHRF), which is funded under the Development Assistance (DA) account, will be used to advance democracy by bolstering the management capacity of non-governmental organizations (NGOs) involved in the promotion of democratic practices and human rights and by supporting local programs focusing on expanding the role of women in society. Previous regional funding has supported successful NGO-coordinated programs on conflict management and resolution, as well as civic education and voter rights.

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

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

A stable military is an important element in Lesotho's democratic development. Accordingly, FY 2004 International Military Education and Training (IMET) funds will support education programs for security personnel emphasizing leadership training, managerial skills, civil/military relations, and respect for human rights.

**Liberia**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
CSH	1,600	2,100	2,045
DA	3,725	3,100	1,100
P.L. 480 Title II	5,643	1,027	0

The primary U.S. national interests in Liberia are to prevent the Government of Liberia from fomenting violence and instability in neighboring countries, and to promote comprehensive internal reform and good governance in Liberia. The United States seeks to accomplish these objectives through UN action, especially United Nations Security Council bans on travel by senior government officials, on the import of arms and the export of rough diamonds, and a requirement for credible audits and monitoring of Liberian government accounts. The United States supports the work of a new International Contact Group on Liberia, which shares our goals for the country. We seek to promote peaceful democratic change and civil society building, while at the same time providing humanitarian relief to those most affected by violence within Liberia and its neighbor states.

In FY 2004 we plan to program Africa Regional Economic Support Funds (ESF) to support ongoing efforts by the International Republican Institute, in concert with The Carter Center, National Democratic Institute, and International Foundation for Electoral Systems to strengthen "society watchdog" institutions and to enhance political party training and support for independent media. ESF will help finance monitoring of elections scheduled for October 2003, and their aftermath. Successful advances in the peace process would result in the use of ESF to support a program to reintegrate former combatants.

FY 2004 Development Assistance (DA) will be used to promote the role of civil society in transforming social, economic and political conditions. This will be done through civic education, adult literacy programs and management skills training. Community groups will be trained to monitor peace-building and human rights conditions, and in strategies to assure good planning, transparency and accountability of civil society organizations. FY 2004 DA will also be used to promote the development of a viable political opposition through strengthening of political parties and election support. The large agrarian community will receive help in the form of training and inputs to communities and small farmers to increase crop productivity; training and credit to community groups to support the development of social and economic infrastructure, such as schools, clinics, roads and bridges, and financing to micro-level entrepreneurs.

FY 2004 Child Survival and Health programs (CSH) will strengthen the role and capacity of community-based organizations and local NGOs in quality primary health care service delivery. This will be done by: conducting awareness campaigns about prevalent diseases and the appropriate community interventions; training health care professionals and community health workers to improve the quality of service delivery; strengthening organizational capacity of local organizations through improved management skills gained through design, implementation and evaluation of health and development activities; and addressing key primary health care delivery policy issues supporting the role of health care delivery through civil society.

These proposed FY 2004 DA and CSH activities follow from the FY 2003 program based on the current USAID transition strategy for Liberia.

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

**Madagascar**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
CSH	8,725	8,493	8,915
DA	10,540	9,785	10,945
IMET	208	170	200
P.L. 480 Title II	8,503	10,732	12,590
Peace Corps	2,000	1,970	2,596

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 has moved ahead with commercial law reform, and private investment continues to grow. 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 2004 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 DA 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 2004 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 2004 funds will be used to continue these efforts and consolidate the gains already made.

FY 2004 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, 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. Madagascar will be eligible in FY 2004 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 2002 Actual	FY 2003 Request	FY 2004 Request
CSH	15,540	17,480	21,919
DA	13,829	13,397	10,555
IMET	385	360	360
P.L. 480 Title II	13,699	6,290	4,918
Peace Corps	2,242	2,611	2,555

The primary U.S. interests in Malawi are democracy and humanitarian response. Malawi's young democracy continues to strengthen, as does its commitment to important free-market reforms. Assisting Malawi in its efforts to address the HIV/AIDS crisis and further develop its democratic credentials will be a basis for enhanced regional stability, economic development, trade and investment opportunities and advancement of U.S. global interests.

Malawi is in the midst of an important democratic transition, with national elections anticipated in 2004, and considerable debate over proposed constitutional reforms that would permit a third presidential term. FY 2004 Development Assistance (DA) funds will be used to help support non-governmental organizations that promote human rights and civic education. DA funds will also be used to promote improved legislative accountability and the management capacities of other democratic institutions.

FY 2004 DA funds will assist activities that promote long-term agricultural productivity, including sustainable land use management, crop diversity, and expanded rural employment opportunities. DA will help promote community-based natural resource management practices. In addition, DA funds will support development of Malawi's educational infrastructure by focusing on improving teaching skills, community involvement, and management, planning, and resource allocation.

FY 2004 Child Survival and Health (CSH) funds will support efforts to reduce the transmission of HIV infections, reduce infant and child mortality, and increase the rate of contraceptive use. Programs to improve detection, treatment and prevention of tuberculosis and polio will also receive support, as will activities focusing on training, service provision, logistics and management systems for family planning and reproductive health.

In September 2000 Malawi was declared by the President to be eligible to receive trade benefits under the African Growth and Opportunity Act, and in August 2001, Malawi was granted AGOA apparel benefits. Malawi is a member of the Southern African Development Community.

FY 2004 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. In addition, they will take military justice courses provided by the Defense Institute for International Legal Studies (DIILS). 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.

The Peace Corps has an active program in Malawi, with approximately one hundred volunteers focusing on community health, education, and natural resource management. Volunteers are also involved in activities related to HIV/AIDS.

**Mali**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
CSH	14,488	13,288	12,659
DA	21,688	21,340	17,027
IMET	342	325	350
P.L. 480 Title II	1,355	0	0
Peace Corps	2,741	3,538	4,399

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 has recently been a model for democracy in the region and is an active member in regional organizations such as the Economic Community of West African States (ECOWAS) and the African Union (AU). Mali continues to support U.S. interests in the region. Mali participates in the Heavily Indebted Poor Country Debt Reduction Initiative and the Africa Trade and Investment Policy Program.

FY 2003 Child Survival and Health (CSH) and Development Assistance (DA) funding will address expanding 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 girls and boys; 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, heretofore clustered in the more developed south. This integration effort will continue to be supported by DA funds. In northern Mali, DA will be used to develop income-generating activities, build schools, and establish or renovate water resources.

The DA program will continue to fund efforts to improve the efficiency of agricultural production and to increase farmer incomes through agricultural best practices and better management, especially of irrigated agriculture.

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

In FY 2004, 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 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. Mali 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 Mali's ability to control its borders.

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 access to the U.S. market afforded by AGOA.

**Mauritania**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
IMET	130	100	125
NADR-HD	0	200	100
P.L. 480 Title II	3,213	3,493	3,204
Peace Corps	1,733	1,932	2,373

Primary U.S. national interests in Mauritania are democracy and human rights and law enforcement, including counterterrorism. Mauritania has a democratically elected government that is cooperating in the war on terrorism, combating poverty, and leading the Arab League in constructive engagement with Israel. Its economic governance is among the best in Africa and it reached its “completion point” under the Heavily Indebted Poor Countries (HIPC) debt initiative. After September 11, the Mauritanian government immediately condemned the attacks, provided tangible assistance in the war against terrorism, and agreed to block all terrorist-related financial assets. Mauritania is, however, a poor Muslim country still affected by ethnic conflict between the Arab-Berber (White Moor) and the Arab-Berber-Negroid (Black Moor) populations, and still grappling with the political and economic vestiges of its history of slavery. Mauritania is hampered by its underdeveloped infrastructure and poor border control. Strengthening Mauritania’s control of its borders and financial institutions would enhance U.S. goals in the war on terrorism.

Assistance to Mauritania supports U.S. foreign policy goals, including democratization, counter-terrorism efforts, the Middle East Peace Process (MEPP), respect for human rights, poverty alleviation, health, education, and pursuit of sound market-based economic policies. Mauritania has also supported the war on terrorism diplomatically by playing a moderating role in the Organization of African Unity (OAU), where it supported a resolution condemning the attacks on the United States, as well as in the Organization of Islamic Conferences (OIC), where it refused to link the attacks to the MEPP. By helping to strengthen democratic institutions, increasing the professionalism of its military, and promoting economic growth, the United States helps relieve the alienation and poverty which have created fertile breeding grounds for terrorists. Such assistance also supports Mauritania’s continued engagement with Israel. Mauritania has been a strong supporter of the MEPP, and it is the only Arab League country that maintains an ambassador in Israel.

In FY 2004, the United States plans to continue the modest assistance programs already in place to encourage democratic development, combat poverty, continue demining efforts, and improve Mauritania’s military. Additionally, the United States plans to request regional or global funds to strengthen the Mauritanian government’s capabilities to fight terrorism.

Although there is no USAID mission in Mauritania, there are still many USAID-funded activities taking place there, such as a continuing Food for Peace project which targets malnourished women and children, micro-enterprise development which focuses on water access development, and HIV/AIDS awareness and education targeted at women and girls.

Additionally, the Peace Corps has about 71 volunteers in country who work in the following fields: agricultural production, reforestation, preventative health care, provision of clean water, small enterprise development, and English language training. The United States also supports democratization through both diplomacy and small grants from the Development Assistance (DA)-funded African Regional Democracy and Human Rights Fund with an emphasis on children’s and women’s rights. Another program involves rule of law training for judges with a focus on human rights awareness and the protection of ethnic minorities.

The United States has trained and equipped the National Demining Office, and since operations began in late 1999, there has been a significant reduction in landmine casualties. FY 2004 Nonproliferation, Anti-terrorism, Demining and Related Programs (NADR) funds will enable Mauritania to continue humanitarian demining operations that eliminate injuries and loss of life, restore land to productive use, and permit improvement of regional infrastructure. Assistance from regional NADR funds will enable Mauritania to continue effective demining operations in an area in the northern part of the country, which has the potential for mineral extraction, but is currently isolated and unable to sustain an agricultural base due to the presence of landmines.

An International Military Education and Training (IMET) program for Mauritania that began in FY 2002 will continue in FY 2004. The IMET program will serve U.S. interests by encouraging military support for democratically elected civilian government and respect for human rights. The Mauritanian government recognizes the value of such training and actively seeks it. Through the provision of Regional Peacekeeping Operation funds, Mauritania 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. Also, Mauritania will be eligible in FY 2004 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Grant EDA will be used primarily to help Mauritania better control its borders and to participate in peacekeeping activities.

Mauritania is one of the most democratic states in the Arab world. It has made considerable progress in moving beyond a history of military coups, one-party rule, and the disastrous domestic and foreign policies that led to ethnic violence 12 years ago. Local and legislative elections held in October 2001 resulted in big gains for the opposition – including parties made up of former slaves – and were deemed to be free and fair by U.S. observers. Since 1992, Mauritania has undertaken an ambitious and successful transition to an economically liberalized and politically diverse country. This has been managed by a reform-minded, competent and committed team in Government which has implemented wide-reaching macroeconomic, structural and social reforms. In ten years, Mauritania has been transformed from a little-known country with a predominantly nomadic population, limited economic base and poor social indicators to one that is highly urbanized, market-driven, with strong economic growth (albeit narrowly based) and a growing international reputation as a location for investment. Lastly, the government has made remarkable progress in education; the World Bank determined that 86 percent of children of primary school age are enrolled in school – a remarkably high figure for a country that is one of the poorest in the world. Mauritania is eligible to receive trade benefits under the African Growth and Opportunity Act.

**Mauritius**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
IMET	93	100	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 2004, International Military Education and Training (IMET) program courses for Mauritius will include 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 traditional 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 2002 Actual	FY 2003 Request	FY 2004 Request
CSH	17,677	21,800	24,200
DA	22,438	23,692	16,061
IMET	153	215	225
NADR-HD	2,110	3,010	1,750
NADR-SALW	149	120	0
P.L. 480 Title II	18,448	16,871	16,659
Peace Corps	1,494	2,066	2,469

The U.S. long-term interests in Mozambique are principally humanitarian: to maintain the peace which the United States helped to achieve in 1992 after an inconclusive and highly destructive 16-year civil war, and to assist the country to stem the devastating impact of HIV/AIDS and periodic flooding and drought. Humanitarian interests are also served by fostering private sector-led growth in this, one of the world's poorest countries. While Mozambique has economic potential, U.S. aid is necessary to help create the bureaucratic, legal, and infrastructure environment to allow private sector-led development to take off.

Helping Mozambique become a stable democracy is another important U.S. interest. Doing so also contributes to our humanitarian interest by creating the mechanisms for peaceful resolution of disputes and improved human rights, and by providing a fertile environment to foster a thriving economy, trade, and investment opportunities. Strengthening democracy also better enables Mozambique to play a constructive role in southern Africa, a region important to U.S. global interests. The protection of American citizens resident and traveling in Mozambique and the control of international crime, terrorism, and narcotics trafficking through capacity building in enforcement and the judiciary are also key national interests. Mozambican counter-terrorism actions include enactment of a money laundering law, tightening currency exchange rules, and a ministerial committee to develop further strategies.

Consolidation of democracy is the linchpin for all the other U.S. goals in Mozambique. The USG will focus democracy and conflict prevention resources on improving the average citizen's encounters with authorities, especially at the local level where government touches the vast majority of citizens. In order to further the transition to a stable democracy, FY 2004 Development Assistance (DA) will be used to provide (1) technical assistance to increase the knowledge and awareness of civil society organizations concerning basic rights and freedoms; developing citizen oversight of government; strengthening models for community-level decision-making and building on emerging public initiatives to fight corruption; (2) technical assistance and training to improve municipal governments' performance; and (3) technical assistance and training to increase the opportunities for reducing corruption, and create positive incentives for ethical behavior and sanctions for unethical behavior. Civil society organizations have already demonstrated increased abilities and assertiveness in engaging the government on important issues such as corruption.

The FY 2004 International Military Education and Training (IMET) program will provide civil-military education and 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.

The Nonproliferation, Anti-terrorism, Demining, and Related Programs (NADR) account has been used to fund demining of critical roads, rail lines, and high voltage power lines, as well as emergency demining resulting from the heavy flooding of 2000. NADR is currently funding demining operations in support of the Sena rail line rehabilitation project between the port town of Beira and the Malawi border. FY 2004 NADR funds will support the Mozambican National Demining Institute's priorities focused on reduction of landmine casualties and socio-economic development.

Mozambique 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 continue to support Mozambican demining capabilities.

Economic development is essential to the post-civil war success of Mozambique – one of Africa's poorest countries. The United States can best contribute to this success by helping Mozambique create viable mechanisms to respond to basic humanitarian needs, thereby increasing popular support for the fledgling democracy. In FY 2004, DA will be used along with P.L. 480 Title II resources to help poor rural households raise incomes and improve food security and nutrition through (1) technical training to enhanced capacity of local contractors in road construction, maintenance and business management; (2) institutional development to improve the capacity for road operation and maintenance; (3) rehabilitating selected overland market links; (4) introduction of new technologies for road construction, aimed at improving quality and reducing maintenance costs; (5) fostering public-private partnerships between suppliers and farmers and/or farmers' associations; and (6) supporting capacity building of the Ministry of Agriculture Flood supplemental assistance (International Disaster Assistance), an important factor in addressing the negative economic and infrastructural effects of the 2000 flood emergency on the country. USAID-assisted farm families increased production in 2000, largely as a result of crop diversification, improved roads and marketing, and greater influence of group enterprise activities. A shift in the rural economy – from family-consumption-oriented agricultural production to market-oriented production and value-added enterprises -- is underway. This shift can be accelerated if increased technical and financial resources are directed to solve basic institutional issues of the sector: increase access to functioning input, output and financial markets and improve the technological base for cost-efficient production.

DA will also be used in FY 2004 to overcome constraints to investment and trade. The private sector development program will be expanded to help Mozambique create and sustain a policy, legal and regulatory environment that will actively promote private investment and trade, particularly in agriculture and other sectors. The program will provide, among other things, technical assistance, training, institutional development to improve the analytical capacity of those responsible for trade policy and negotiations, and institutional support to improve policy, legal and regulatory environments.

U.S. aid helped the Government of Mozambique develop the poverty reduction strategy and engage in the economic reforms that allowed the country to reach the completion point for debt relief under the International Monetary Fund and World Bank's enhanced Highly Indebted Poor Countries (enhanced HIPC) initiative. Mozambique is also eligible to receive trade benefits under the African Growth and Opportunity Act, including textile benefits. Success is also evident in the extensive and ongoing privatization of public institutions.

In the health sector, Child Survival and Health (CSH) funds will be used in FY 2004 to promote maternal and child health by providing technical assistance, training, and commodities (including condoms) to improve the public health system's basic services and child survival services; to enable key Mozambican organizations to lead HIV/AIDS prevention and care efforts; and to improve reproductive health services, including family planning, which reduces maternal mortality. With USAID assistance, leadership in health service delivery is shifting from international to local institutions, including a revitalized Ministry of Health. The transition has been successful, with FY 2000 data showing that USAID maternal and child health



targets were surpassed for immunizations, exclusive breastfeeding, oral rehydration therapy, antenatal visits, and other indicators. Peace Corps teachers – who help fill the gap in a country where teachers are lost to HIV/AIDS as fast as new teachers are trained – include HIV/AIDS and basic health in their instruction. The Centers for Disease Control and Prevention assists the government with HIV/AIDS surveillance and related work.

Finally, the United States will provide Africa Regional International Narcotics Control and Law Enforcement (INCLE) funds for the training of Mozambican law enforcement and judicial assistance personnel in anti-crime, forensic auditing (targeted on crime, but with an important side benefit for Mozambique's anti-terrorism capacity), and counter-narcotics skills.

**Namibia**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
CSH	1,850	1,900	2,500
DA	8,183	5,080	4,932
IMET	208	200	225
NADR-HD	65	90	150
Peace Corps	1,762	2,459	3,050

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 2004 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 2004 DA funding, community-based conservation programs will continue to aid rural Namibians to benefit from effective management of their natural resources through technical training and resource assessment programs. Previous funding has been instrumental in the establishment of community-based conservancies in several parts of the country. These conservancies have created employment, generated considerable income, and reinforced local democratic institutions.

FY 2004 Child Survival and Health (CSH) funds will focus on providing technical and other support to improve HIV/AIDS awareness, build management capacity of local non-governmental organizations (NGOs), and expand cooperation with government agencies in the battle against HIV/AIDS. Previous funding has established successful pilot programs utilizing community centers and bolstered the management capacity of local NGOs.

In September 2000, Namibia became eligible to receive trade benefits under the African Growth and Opportunity Act (AGOA); and in December 2001, Namibia was granted AGOA apparel benefits. Namibia is a member of the Southern African Development Community.

The Peace Corps 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.

In FY 2004, International Military Education and Training (IMET) funds will support the training of Namibia Defense Force (NDF) personnel in democratic values and respect for civilian institutions. Namibia's program focuses on training for all strata of the NDF from senior level Ministry of Defense officials down to non-commissioned officers. In FY 2004, courses will continue to include defense

resources management, military medical operations, and civil-military relations to strengthen the NDF's capacity to conduct peacekeeping and humanitarian operations. Funds will also be used to deepen the NDF's understanding of the impact of HIV/AIDS upon the military.

Namibia will be eligible in FY 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 Namibia's peacekeeping and demining activities.

Nonproliferation, Anti-terrorism, Demining, and Related Programs (NADR) funds have been used to support demining in Namibia since FY 1997, with the remaining landmine problem affecting the northeast border. FY 2004 NADR funds will enable Namibia to continue mine risk education and humanitarian demining operations that reduce landmine casualties of Namibians as well as Angolan refugees.

**Niger**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
IMET	132	110	200
P.L. 480 Title II	10,214	6,868	6,953
Peace Corps	2,202	2,527	3,138

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 three-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 Funds (ESF) will be used to promote security; improve nutrition, child and maternal health, 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 late 2003, a critical element of the ongoing democratization process.

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. Africa Regional ESF resources will also help Niger gain greater control over movement of potential terrorist groups across its borders and within its vast interior.

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 2004 IMET 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 PKO funds, Niger 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. Niger will be eligible in FY 2004 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Grant EDA will primarily be used to help Niger better control its borders and to participate in peacekeeping activities.

Niger is eligible for trade benefits under the African Growth and Opportunity Act. Once it is certified to export apparel to the United States duty-free under the Act's apparel provision, Niger will be in a better position to attract investment, create jobs, and boost economic growth. Niger is a member of the Organization of African Unity and the Economic Community of West African States and cooperates closely with the United States on regional issues. Niger is eligible for the Highly Indebted Poor Countries (HIPC) debt reduction initiative. Niger has enjoyed substantial reductions in international debt repayments, allowing resources to be shifted to education and social services activities that address the causes that perpetuate poverty. The Government of Niger also has a World Bank development program in place that is working effectively with the Bank and the IMF to implement market-based reforms.

**Nigeria**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
CSH	36,066	41,356	46,300
DA	21,968	23,879	12,639
ESF	0	0	5,000
FMF	6,000	6,000	4,000
IMET	750	800	850
NADR-HD	1,449	0	0

Nigeria is the dominant economic and political power in West Africa. With the 1999 transition from military to elected government in Nigeria, the U.S.-Nigeria bilateral relationship moved from confrontation to cooperation on a full range of economic, political, and security issues. Our interests in Nigeria stem from its size (123 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. The tremendous potential of Nigeria is hampered by the devastating impact that fifteen years of military rule had on all of its institutions. Nigeria's democratic transition is far from complete. National elections slated for April 2003 will be the next watershed event in Nigeria's ongoing transition to sustainable civilian democratic rule. Only with democratic governance can Nigeria address its ethnic and religious divisions and create an open economic system that will make it a reliable and increasingly important trading partner. Nigeria is also a key partner in addressing African conflicts and has dispatched, or indicated willingness to send, peacekeepers to Liberia, Sierra Leone, Burundi, and Congo.

Nigeria's progress toward sustainable civilian democratic governance continues to be susceptible to violence and instability. The April 2003 national elections will represent only the third time in Nigeria's history that a civilian regime has attempted to hold democratic elections and hand over power to a second elected administration. In both previous instances, civilian-to-civilian transitions were thwarted by military intervention. It is therefore crucial that elections themselves not be seen as the final chapter of Nigeria's democratic transition. Rather, we will need to continue to engage Nigeria's fledgling democratic institutions, including civil society and the media, to support consolidation of democratic gains well into the post-election period. We will continue to work with Nigeria's electoral bodies to provide technical assistance to prepare for future elections. FY 2004 ESF will address badly needed rehabilitation of governmental institutions critical to democratic stability, including reform of the justice system and work with state and national legislators.

Cooperation with Nigeria on transnational issues such as drug trafficking, HIV/AIDS, international crime, and terrorism has continued to improve over the last two years as U.S. law enforcement agencies have pursued policies of greater engagement. Nigeria has voiced strong public support for U.S. operations in Afghanistan and has been at the forefront of African counter-terrorism efforts. Despite the political will to do so, Nigeria has limited capacity 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 continue to work with Nigerian law enforcement agencies to encourage and facilitate active investigation and prosecution of Nigerian criminals, and to identify and remedy weaknesses in Nigeria's financial, immigration, and security sectors to misuse by criminals and terrorists. In FY 2004 this effort will use regional ESF and International Narcotics Control and Law Enforcement (INCLE) resources. Programs will also permit Nigerian law enforcement and

judicial system personnel to train and develop professional relationships in the United States to disrupt heroin and narcotics trafficking to America.

FY 2004 Development Assistance (DA) and Child Survival and Health (CSH) funding will address policy and institutional impediments to economic growth strategies and will strengthen basic education, enhance agricultural productivity, and expand health infrastructure, with a special emphasis on HIV/AIDS prevention programs. The Nigerian government has been cooperative in HIV/AIDS programming, and its policies on HIV/AIDS are among the most constructive in Africa. Democracy and governance programs will strengthen the National Assembly, state and local government structures, the Independent National Electoral Commission, and civil society. Funding will support economic reform and agricultural development by focusing on improved economic management, privatization, improved access to micro-finance, and environmental sustainability. DA funds will assist national and state governments to improve primary education through better educational management information, skills and vocational training, and teacher training. Nigeria has among the worst social indicators in the world. Each year, more than one million Nigerian children die from preventable diseases. DA programs to promote the health of women and infants and to control the spread of HIV/AIDS and other diseases will contribute to U.S. global efforts to reduce the spread of infectious diseases. Improving basic health care also supports the U.S. strategic goal of economic development in Nigeria.

Nigeria as a regional military power has played a major role in maintaining stability in many African countries. It played a vital role in helping bring peace to Sierra Leone. Its successful participation in the UN peacekeeping mission there was due largely to support and training from the U.S. under the Operation Focus Relief Program. U.S. military assistance programs have and will continue to concentrate on ensuring military subordination to civilian rule, improving respect for human rights, building expectations of accountability, and reinforcing a positive role in regional peacekeeping. Re-establishing the professionalism of the Nigerian Armed Forces will be promoted through International Military Education and Training (IMET) programs with emphasis on the role of the military in a civil society. Training resources will be used to reorient the Nigerian military to its proper role under civilian authority and to enhance its regional peacekeeping capabilities. Nigeria 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 would be used to support Nigeria's participation in peacekeeping operations.

In FY 2004, Foreign Military Financing (FMF) will be used to help Nigeria improve military management and training. FMF will fund reform programs, equip a simulation center at the National War College, provide coastal security equipment, train teams in counter-terrorism and peacekeeping, and provide C130 technical support to enhance air mobility. An ongoing program to support the reprofessionalization and reform of Nigeria's military has met in recent months with significant success, particularly among senior Ministry of Defense officials and mid-level military officers. This program supports the transformation of Nigeria's military into a professional, apolitical service subservient to civilian rule. This is a crucial step in solidifying civilian rule in a country with a history of repeated military coups. ESF will be used to complement these efforts through work with civilian democratic institutions responsible for oversight of the military, including the National Assembly. Improvement of Nigerian and West African crisis response peacekeeping capabilities will be achieved by utilizing voluntary Peacekeeping Operations (PKO) funds to establish training facilities for activities conducted by the African Contingency Operations Training and Assistance program, successor to the African Crisis Response Initiative.

Nigeria remains eligible for trade benefits under the African Growth and Opportunity Act. Taking advantage of this opportunity will further boost economic growth and provide employment, increasing stability in Nigeria and the region.

**Republic of the Congo**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
IMET	140	110	110

U.S. national interests in the Republic of the Congo (ROC) are democracy and human rights, humanitarian assistance, economic prosperity based on significant oil interests, and promotion of the protection and responsible management of rich environmental resources. An associated strategic goal is the promotion of regional stability. Congo is in transition from a civil war in the late 1990's that left the country deeply divided, largely along ethnic lines, and with a severe humanitarian crisis. The humanitarian crisis has abated, 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. U.S. investments in the Congo are mainly in the petroleum sector. Though not directly involved in the conflict in neighboring Democratic Republic of Congo (DRC), over 100,000 DRC refugees are in the ROC.

The main U.S. objective in the ROC is to promote stability through the establishment of democratic government institutions and economic development. Economic Support Funds (ESF) provided in prior years supported the demobilization and reintegration of rebels and election administration planning. FY 2004 ESF channeled through regional programs such as the Africa Regional fund is planned to provide training in legislation drafting and committee activities for the new legislature.

FY 2004 International Military Education and Training (IMET) funds will provide training in military justice, human rights, officer and non-commissioned officer professionalization, and other functional areas as well. These training programs will assist in the continued 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 2004 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Grant EDA will primarily be used to help the ROC participate in peacekeeping activities.

The Republic of the Congo is eligible to receive trade benefits under the African Growth and Opportunity Act (AGOA).



**Rwanda**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
CSH	12,100	12,150	14,506
DA	6,402	6,023	4,810
IMET	0	150	175
NADR-HD	350	450	0
P.L. 480 Title II	14,498	10,978	12,438

The primary U.S. national interests in Rwanda are the promotion of democracy and human rights and humanitarian response. U.S. programs aim at preventing a recurrence of genocide (which claimed an estimated 800,000 lives in 1994) by helping to create the political, economic, and social conditions that will lead to development of a prosperous society, embracing democratic governance and respect for human rights. These programs focus on promoting practices that combat corruption and improve transparency and accountability at all levels of government and in the private sector.

The United States implements a variety of political, humanitarian, 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 2004 Development Assistance (DA) will finance ongoing activities to promote democracy, human rights, and economic growth. DA funding will also focus on agriculture in rural areas to improve food security in a country where 90 percent of the population earn their living through farming. FY 2004 Child Survival and Health Programs (CSH) funds will continue to support infectious disease treatment and eradication, HIV/AIDS prevention, and other health-related programs.

Nonproliferation, Anti-terrorism, Demining, and Related Programs (NADR) 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, and Rwanda is nearly mine-free, making the provision of FY 2004 funding unnecessary.

Rwanda's participation in International Military Education and Training (IMET) in FY 2004 will continue to be conditioned upon its ability to end its negative involvement in conflicts with its neighbors. Assuming a positive evolution in these areas, FY 04 IMET funds will focus on developing the professionalism of the Rwandan military, with particular emphasis placed upon expanded IMET courses designed to promote respect for human rights and civilian control of the military, military justice, and improved civil-military relations.

**Sao Tome and Principe**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
IMET	112	100	100

The primary U.S. national interest in Sao Tome and Principe is democracy and human rights. U.S. efforts focus on promoting political stability to support the Voice of America facility and operations. In the coming decade, U.S. companies are expected to participate in the development of petroleum resources in Sao Tome's territorial waters.

Sao Tome and Principe has been a democratic country for 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.

International Military Education and Training (IMET) programs in FY 2004 will provide training in military leadership skills, English language capability, and professional development in the Sao Tome military. These will support Sao Tome's democratic tradition and security management for its territorial waters.

Sao Tome and Principe will be eligible in FY 2004 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.

Sao Tome and Principe is eligible to receive trade benefits under the African Growth and Opportunity Act. Sao Tome and Principe is also eligible to receive debt relief under the enhanced Highly Indebted Poor Countries (enhanced HIPC) initiative.

**Senegal**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
CSH	15,005	14,762	15,825
DA	13,950	13,618	12,209
FMF	400	500	500
IMET	931	900	1,000
NADR-SALW	92	0	0
P.L. 480 Title II	1,790	0	5,387
Peace Corps	3,001	3,454	4,036

Senegal is the most important Francophone partner in sub-Saharan Africa in pursuing the U.S. national interests of expanding democracy and human rights, promoting economic prosperity, and law enforcement, including combating terrorism. Senegal is also a key ally in U.S. efforts to promote regional peace. Senegal is a strong supporter of U.S. foreign policy initiatives and a consistent voice for moderation and compromise in multilateral and Islamic organizations. Senegal has been at the forefront of Africa's response to terrorism, actively lobbying other African and Islamic countries to take concrete action. Senegal was a participant in the African Crisis Response Initiative (ACRI) and has a long-standing offer to contribute one Operation Focus Relief-trained battalion to the UN peacekeeping mission in Sierra Leone. It has agreed to lead the Economic Community of West African States (ECOWAS) force in Cote d'Ivoire and has deployed troops for an ECOFORCE mission. As the elected head of ECOWAS, Senegal has had enhanced regional influence on the world stage over the last year which has strained its relations with some of its ECOWAS colleagues.

U.S. assistance to Senegal increases the influence and impact of a participatory democracy in an unstable region. It also supports market-based economic reform, boosts transparency in government, increases professionalism in the military, and relieves human suffering.

Senegal, low in natural resources but with a high population growth rate of 2.7 percent per year, has historically presented a poor investment climate with high urban unemployment. To encourage entrepreneurship in this environment, Development Assistance (DA) funds have created thousands of new income-generating enterprises by creating 95 additional bank branches geared towards micro-credit loans, increasing the number of commercial clients from 10,214 to 40,214 in two years. The Peace Corps in Senegal also supports micro-finance projects, as well as projects in environmental education and health awareness at the grassroots level. FY 2004 DA will promote continued private enterprise development, enhance democratic local governance, and remove key impediments to market-based growth in the areas of policy, finance and business practices. Conflict resolution activities in the southern region of the Casamance, which has been host to a simmering 21-year rebel movement, will encourage economic development and peace initiatives through micro loans, property reconstruction, and peace building activities. Senegal is one of the few countries in the developing world to have succeeded thus far in containing the spread of HIV/AIDS. Child Survival and Health (CSH) funds will build on this success with an emphasis on prevention, behavior change, policy dialogue with political and health leaders, and increased involvement of the media in HIV prevention.

If the Government of Senegal can cement a peace accord with representatives of the separatist movement in the Casamance region, the United States may support a demobilization, disarmament, and reintegration program. Successful demobilization will add to the stability of the country and the region.

Regional Economic Support Funds (ESF) would fund efforts to enhance Senegal's ability to control the movement of potential terrorists and their financial resources.

In FY 2004, International Military Education and Training (IMET) courses will reinforce the Senegalese military's role as an institution subordinate to the democratic civilian government and improve its capabilities for participation in regional/international peacekeeping operations. This will complement Senegal's participation in the African Contingency Operations Training and Assistance (ACOTA) Program, the successor to ACRI, and in the African Center for Strategic Studies' seminars. Although previous ACRI training has resulted in a marked improvement in the professional level of individual peacekeeping units, in past operations peacekeeping battalions from different countries have experienced problems due to conflicting procedures and difficulties in communicating. ACOTA-funded peace support exercises at the brigade level between Senegalese headquarters staffs and third country battalion staffs will reinforce interoperability and commonality in a multinational context. These exercises will also engage key officials from sub-regional organizations, augmenting the integration of political peace support mandates and the military operations they require. The skills acquired through participation in these training events will be of particular value in the Senegalese contribution to the peacekeeping operations in Cote d'Ivoire.

Senegal will also receive Foreign Military Financing (FMF) in FY 2004. These funds will support Senegal's military and allow them to conduct operations and maintain skills that they have acquired through ACRI and ACOTA training. Specifically, funds will provide additional training in peace support operations and provide vehicles and sea transport equipment, including maintenance support and spares.

Senegal is 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 enhance its capabilities to participate in international peacekeeping activities.

Senegal remains eligible for trade benefits under the African Growth and Opportunity Act. Taking advantage of this opportunity will further boost economic growth and provide employment opportunities, increasing stability in Senegal and the region. Senegal is a member of both ECOWAS and the African Union and has received substantial reductions in debt payments and associated stabilization assistance from multilateral lending institutions through the Heavily Indebted Poor Countries initiative.

**Seychelles**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
IMET	40	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 2004, 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. 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 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 the Seychelles' counter-narcotics maritime activities and coastal security efforts.

**Sierra Leone**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
CSH	841	468	500
DA	6,413	3,400	3,727
ESF	9,000	0	5,000
IMET	177	250	300
NADR-SALW	0	200	0
P.L. 480 Title II	24,355	0	0

The United States has important humanitarian interests in Sierra Leone. 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 and for future economic development, and promote the rule of law and civil, democratic society.

The security situation in Sierra Leone greatly improved during 2002. Over 47,000 combatants have disarmed and demobilized, including former members of the Revolutionary United Front (RUF) and the Civil Defense Forces (CDF). Peaceful parliamentary and presidential elections took place in May 2002. Though there was some fraud committed by the ruling party, it did not significantly affect the outcome. By agreement between the UN and the GOSL, a Special Court has been established in the country to investigate, indict, and try those bearing the greatest responsibility for violations of international humanitarian law. The first indictments will probably occur in the spring of 2003. The United States has contributed \$10 million Economic Support Funds (ESF) in the past two years toward the Special Court and we plan to contribute another \$5 million in FY 2003 from regional ESF. In addition, in 2002 Sierra Leone established a Truth and Reconciliation Commission (TRC), which began collecting testimony. The United States provided \$500,000 ESF to the TRC in FY 2002 and will contribute another \$500,000 in regional ESF in FY 2003.

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.

FY 2004 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. DA will also be used to solidify the GOSL's ability to manage the country's diamond resources and to explore a potential global development alliance with the international diamond industry. In addition, FY 2004 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 2004 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 as well as on technical assistance in defense resources management.

Sierra Leone will be eligible in FY 2004 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Assuming continued progress with the peacekeeping mission, grant EDA can be provided to support the ongoing rebuilding and restructuring of Sierra Leone's armed forces.

Sierra Leone is also eligible to receive benefits provided 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 supporting sustainable economic development.

U.S. assistance has helped to achieve the enormous progress made in Sierra Leone in stopping the war, disarming the rebels, and establishing a mechanism to bring to justice those bearing the greatest responsibility for violations of humanitarian law. Further funding will be of critical importance as Sierra Leone rebuilds its shattered physical and social infrastructures.

Sierra Leone was forgiven its sovereign obligations by the United States and other Paris Club countries in July 2002. In September 2001 the International Monetary Fund (IMF) granted 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 2002 Actual	FY 2003 Request	FY 2004 Request
CSH	500	200	411
DA	2,267	2,700	965
NADR-HD	1,200	1,200	1,300
P.L. 480 Title II	19,729	0	0

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 extant in Somalia and ensuring against Somalia's use as a terrorist base, preventing developments in Somalia from threatening regional peace and stability, and overcoming the long-term governance challenges that terrorists exploit to make Somalia a base. Foreign assistance funding is needed to help meet these goals because the lack of state institutions makes it extremely difficult for the Somali people to achieve these ends on their own.

Civil war, external intervention, clan conflict, and poverty abetted by natural disasters have combined to turn Somalia into a "failed state". Somalia has had no central government since the Siad Barre regime collapsed in 1991. Three principal factions now lay claim to governmental authority: the self-proclaimed "Republic of Somaliland" in the northwest; the autonomous government of strife-ridden "Puntland State" in the northeast; and the Transitional National Government (TNG), which aspires to be the nucleus of a national government but in fact controls only a portion of the capital, Mogadishu, and a section of Somalia's long coastline. The United States does not recognize the claims of any of these factions, although it does maintain informal contacts with them. In addition to these groups, numerous warlords continue to vie for dominance at the local level. Hundreds of thousands of Somalis live as refugees in neighboring countries, especially Kenya, and many others are internally displaced.

Somalia's economy, largely based on agriculture and pastoralism, is underdeveloped. Alternating droughts and floods, combined with endemic strife, have seriously reduced productivity and threaten widespread starvation. Foreign assistance and remittances from overseas are Somalia's primary sources of income. Livestock, one of its principal exports, is largely banned from major regional markets in the Arabian peninsula. There is little infrastructure, and even less in the way of civil services. This situation provides a fertile ground for the seeds of international terrorism and lawlessness. Indeed, two organizations active in Somalia, al-Ittihad al-Islami and the al-Barakaat group of companies, have had their assets frozen pursuant to President Bush's executive order of September 23, 2001, because of their links to terrorist groups.

Widespread insecurity and the absence of effective governance in most of Somalia's territory, combined with the information gaps produced from a lack of U.S. presence in Somalia since 1995, make achieving U.S. goals in Somalia very challenging. They also limit the ability of the United States to supply substantial amounts of assistance other than direct humanitarian aid, 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 a modest amount of Child Survival and Health (CSH), along with Development Assistance (DA) in Fiscal Year 2004 in order to improve the lot of the Somali people while strengthening local governance and conflict mitigation. This mix of assistance contributes to creating an environment in which people may seek a more productive livelihood while meeting the critical needs of vulnerable groups and contributing to building 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.

Municipal elections held in the territory of the "Republic of Somaliland" in December 2002 were generally free and fair. FY 2002 ESF funds supported those elections, and will contribute to civic awareness and party building for the presidential elections planned for March 2003. Prevailing peaceful conditions in Somaliland permit support of humanitarian mine action efforts in FY 2003 through the Humanitarian Demining Program funded by Nonproliferation Anti-terrorism, Demining, and Related Programs (NADR) funds. These efforts will continue in FY 2004, and should both save lives and return areas to agricultural use.

As important as these programs are, they do not tackle directly the core problem facing Somalia: the lack of a polity that can command the respect and voluntary allegiance of the Somali people. Such an entity is essential in dealing both with longer-term terrorism issues and with development. In this regard, the United States has provided financial support for Somali reconciliation talks taking place in Eldoret, Kenya. The United States will also work with other states of the region in further reconciliation efforts endorsed by the Intergovernmental Authority on Development, the principal regional organization in East Africa. In these ways, the United States hopes to join with others interested in Somalia to promote national dialogue and the emergence of appropriate governmental arrangements.

**South Africa**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
CSH	20,404	25,150	31,628
DA	37,304	36,278	27,457
ESF	0	0	2,000
FMF	6,700	6,000	6,000
IMET	1,471	1,450	1,600
NADR-EXBS	0	0	50
Peace Corps	2,152	2,622	3,293

As the region's key economic, diplomatic, and military power, South Africa has a significant bearing on regional security. Major U.S. interests in South Africa include democracy, economic prosperity, national security, law enforcement, and global issues such as HIV/AIDS. The United States seeks to promote South Africa's development as a stable, democratic, market-oriented, and prosperous state, with good relations with its neighbors and strong U.S. links. Such a South Africa will be a strategic pillar for stability and an engine for economic growth in the region. It will also be a key partner in tackling major challenges, such as shaping a more stable and secure Africa, and developing effective international responses to such issues as arms control and nonproliferation, environmental degradation, and HIV/AIDS. Moreover, a focus on sustainable development for South Africa will result in enhanced prospects for U.S. trade and investment, safety for Americans traveling in South Africa, and more effective cooperation in the fight against terrorism, crime, and narcotics trafficking. South Africa supports the war on terrorism through cooperation on financial, diplomatic, and law enforcement activities.

FY 2004 Development Assistance (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. 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.

To assist the government's effort to promote the participation of the previously disadvantaged majority in civil society and the economy, FY 2004 DA programs will invest in education, private sector development, and delivery of housing and related human services to encourage broad-based, sustainable growth. These programs will address unemployment through programs in workforce development and education. DA programs will also increase market-driven employment by supporting existing small and medium-scale enterprises. DA funding will also support access to housing and sustainable municipal infrastructure through loan guarantees that have benefited over 500,000 low-income households thus far.

Lack of adequate shelter and services for the previously disadvantaged majority population continues to be a challenge for South Africa. DA programs in FY 2004 will also develop new strategic approaches to address emerging technical complexities of housing development, including upgrading existing settlements, energy and environmental concerns, and the capacity of local authorities to deliver services in these areas. Helping South Africa pursue environmentally sustainable, market-based development will assist it in achieving other goals, such as broad-based growth and health. To encourage environmentally sustainable socioeconomic growth, DA will be used for training and for capacity building of policy formulation entities.

FY 2004 Child Survival and Health (CSH) programs will continue to focus on primary health care delivery, with an increased focus on capacity building and HIV/AIDS prevention, mitigation, and basic education. CSH will also be used to improve access to HIV/AIDS prevention services. Through the Ministry of Health and U.S. and South Africa non-governmental organizations, spending on HIV/AIDS programs is expanding. Such programs focus on the diagnosis and treatment of sexually transmitted diseases, counseling and testing for HIV on a voluntary basis as well as extensive HIV/AIDS awareness and prevention education campaigns, and vaccine development. Support programs for AIDS orphans are also being implemented, along with activities to further research on the economic and social impact of HIV/AIDS.

South Africa's political and military leadership in southern Africa and beyond is a key element for promoting regional stability and economic growth. Through International Military Education and Training (IMET), the United States encourages South Africa to transform its defense force into a professional military cognizant of human rights considerations and subject to civilian control by the government. This is accomplished by sponsoring South Africans to attend U.S. command and staff colleges, equal opportunity courses, civil-military relations courses, and other professional military training. Additional training will focus on peacekeeping, flight safety, and medical/health issues, such as prevention and treatment of HIV/AIDS, which affects large numbers of South African military personnel. FY 2004 IMET will be used to continue these programs, which are dramatically increasing U.S.-South African military ties and cooperation.

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 NADR Export Control and Related Border Security (EXBS) assistance funds for a cooperative program to help establish a fully effective export control system in South Africa. FY 2004 NADR funding is provided for an initial assessment and basic equipment and training to assist in developing and strengthening export control laws and regulations and improving enforcement capabilities.

In FY 2004, Foreign Military Financing (FMF) will support programs to enhance the South African military readiness and capacity. The funds will pay primarily for maintenance and training for C-130 aircraft being used to support the South Africa National Defense Force (SANDF) deployment in Burundi on behalf of that country's peace process. This assistance will also foster the overall readiness of the SANDF and its regional intervention capabilities. Additionally, FMF funds will be used to help the SANDF address defense reform issues, increase military professionalism, and improve disaster response capabilities.

South Africa will be eligible in FY 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 South Africa's peacekeeping activities and enhance our cooperative relationship. EDA, as well as FMF, is currently being used to support South Africa's mission in Burundi.

With its robust democracy, developed economy, and sophisticated financial system, South Africa offers both a major area of opportunity for organized crime and the potential means to combat it successfully, both domestically and regionally. Widespread crime in South Africa creates insecurity, undermines confidence in new democratic institutions, and impedes economic growth. Islamic extremism is a growing threat. The national police force, the South African Police Service (SAPS), is an organization still in painful transition; its legacy as an instrument of the apartheid regime still evokes public hostility, and funding cuts have eroded morale and its ability to fight ever-stronger criminal elements.

The United States and South Africa have identified the following priorities for U.S. assistance: border controls, counternarcotics, youth and domestic violence, sex crimes, organized crimes, major case

management, corruption, and money laundering. In all of these areas, FY 2004 Economic Support Funds (ESF) will be used to assist in building South African judicial and law enforcement capacity to deal effectively with its very serious crime problems. Additional ESF assistance will be provided to expand existing forensic and investigative capabilities, particularly with regard to financial crime and counterfeiting, which have a direct impact on U.S. citizens and businesses.

The Peace Corps has an active program in South Africa, focusing on community health, education, and natural resource management. Volunteers are also involved in activities related to HIV/AIDS.

**Sudan**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
CSH	500	300	16,426
DA	10,631	22,000	49,613
ESF	0	0	15,000
P.L. 480 Title II	60,190	0	0

The primary U.S. national interests in Sudan are national security and law enforcement, democracy and human rights, and humanitarian response. Given Sudan's size, potential oil 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 Government of Sudan's cooperation on counter-terrorism has improved since 9/11, though more can be done. The U.S. continues to press Sudan towards greater cooperation. Nevertheless, Sudan remains on the state-sponsors of terrorism list.

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 budget, 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 2003, reconstruction and development in Sudan, particularly southern Sudan, will become a high priority for the United States. ESF will be required in FY 2004 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 southern and eastern Sudan. The isolation of some areas, in combination with continued warfare have effectively stalled assistance in some regions and prevented access to even the most essential goods and services. The vast areas over which assistance needs to be provided, the enormous physical challenges - from swamp to desert-like conditions - and the lack of basic infrastructure make the delivery of humanitarian and development assistance logistically very difficult and costly. Many Sudanese in areas outside of Government of Sudan control lack access to basic education, business opportunities or markets, basic health care services and even rudimentary judicial systems. 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 need support in becoming more efficient and effective.

In the short-term, food and non-food humanitarian assistance is provided to drought and war affected populations throughout Sudan. Non-food humanitarian assistance includes the distribution of such basic agricultural tools as seeds and hoes that will allow people to be as self-sufficient as possible; in addition, humanitarian assistance rehabilitates boreholes for potable water and other basic infrastructure. In FY 2004, 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 such as grassroots peace building initiatives led by Sudanese inter-faith and civil society organizations, civil society-civil authority partnerships in community decision-making, and incentives such as rehabilitated water sources, schools, and markets. Together these contribute to conflict prevention, mitigation and resolution. Efforts to enhance food security opportunities are being addressed through assistance in restoring and increasing traditional food production, increasing market demand and access for local sources of food, and by 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 2003. Assistance to increase access to primary health care services, funded with CSH, and basic education is also being provided.

**Swaziland**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
IMET	84	100	135
Peace Corps	0	1,313	1,572

Priority U.S. interests in Swaziland are democracy and human rights – in particular, increased room for political discourse and rule of law – and humanitarian response. Swaziland is at a turning point on the issue of rule of law, as a constitutional drafting team has been appointed to fill the gap left by the 1973 abolition of the constitution. Humanitarian interest includes addressing the devastating impact of its 34percent HIV/AIDS adult prevalence rate, which threatens economic and social stability. Stability is furthered by encouraging economic growth through increased business activity and investment and business development, including assisting the Swazis in taking full advantage of the African Growth and Opportunity Act (AGOA) and its textile benefits. These goals will increase the kingdom's contribution to stability in southern Africa.

Regional Economic Support Funds (ESF) may be used to advance the U.S. strategic objective of good governance, by supporting key initiatives, including an assessment of the judicial system and the funding of information technology equipment to modernize the judiciary. The independent assessment would focus on case management, staff adequacy, staff performance standards, equipment needs, public relations, and information dissemination. Africa Regional ESF may also be used for a program that would focus attention on the political and economic implications of HIV/AIDS for Swaziland. The program would be intended to educate all areas of civil and official society about the urgent need for action to fight the problem.

While not a recipient of bilateral Development Assistance (DA), Swaziland benefits from regional DA funds. Continued support for education initiatives will be a focus for DA activity. Educational support in FY 2002 included the funding of educational costs for AIDS orphans. U.S. HIV/AIDS-related assistance has increased HIV/AIDS awareness and prevention and increased the capacity of non-governmental organizations (NGOs) to provide palliative care to victims of HIV/AIDS. Swaziland will benefit from USAID's regional HIV/AIDS program. This program funds a small grants initiative which provides technical assistance and funding to build the capacity of NGOs. Recent recipients have included some of the primary palliative-caregivers for Swazis suffering from HIV/AIDS. The U.S. Government will also continue to conduct workshops through this initiative. 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 public awareness efforts.

Efforts to increase the professionalism of the Swazi military directly support U.S. primary goals of advancing democracy and human rights and humanitarian assistance. They also bolster our broader goals of supporting regional stability. FY 2004 International Military Education and Training (IMET) will fund military assistance programs that promote a higher degree of professionalism in the Swazi defense forces through education on the role of the military in a democracy and in respect for human rights.

**Tanzania**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
CSH	16,700	22,490	25,164
DA	8,108	10,446	3,227
IMET	275	230	230
P.L. 480 Title II	4,827	0	0
Peace Corps	2,652	3,041	3,829

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.

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 programs to combat 13 priority infectious diseases. In FY 2004, Child Survival and Health (CSH) funds will expand efforts against HIV/AIDS and other sexually transmitted diseases. CSH will also fund an immunization program and provide vitamin supplements for Tanzania's chronically vitamin A-deficient population.

FY 2004 Development Assistance (DA) funds will be used for a variety of purposes. The U.S. has worked with all major political parties in Tanzania to foster the growth of multi-party democracy. Our efforts helped to develop an agreement over the disputed Zanzibar election of 2001. For FY 2004, in the area of democracy and governance, DA will finance advanced advocacy training with 35 partner, non-governmental organizations (NGOs), an in-house training program in Parliament, and implementation of election reforms leading up to the 2005 elections in Zanzibar. 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. In the environmental sector, FY 2004 DA will support implementation of the Government of Tanzania's coastal strategy and fund community-based natural resource management programs. Peace Corps' FY 2004 program is broadly supportive of these efforts.

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.

Tanzania has been key to our efforts to bring peace to the Great Lakes Region of Africa. International Military Education and Training (IMET) funds have helped to train the Tanzanian Peoples' Defense Force (TPDF) to control their border effectively and to safeguard refugee flows from conflict areas. In FY 2004, IMET funds 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.

Tanzania will be eligible in FY 2004 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.

**Togo**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
IMET	83	100	125
Peace Corps	2,143	2,310	2,746

The United States has an interest in promoting democracy and greater respect for human rights in Togo in order to further our strategic goal of regional stability. The other major interest is in combating the spread of the HIV/AIDS epidemic.

Togo is governed by Africa's longest-ruling head of state, President Eyadema, who has held office since 1967. In October 2002 the main opposition parties boycotted legislative elections because of government manipulation of the National Electoral Commission. As a result, Eyadema's party won virtually all the seats in the National Assembly and again has nearly complete control of this body. In December 2002 the National Assembly voted to amend the Constitution to allow Eyadema to run for another term as president (his current term expires in May 2003). Although in 1999 Eyadema promised he would hand over power in 2003, it now appears he will try to win another five-year term in office.

Most bilateral and multilateral budgetary and development assistance to Togo has been cut off because of the country's halting transition to democracy, poor human rights record, and failure to service its external debt. Togo is ineligible for lending from the World Bank because of payment arrears of more than \$18 million. The International Monetary Fund (IMF) has stated publicly that it will not provide financial assistance to Togo, pending the resolution of the current political crisis and the resumption of external budgetary aid from other donors, especially the European Union.

With FY 2002 Africa Regional Economic Support Funds (ESF), the National Democratic Institute (NDI) conducted an evaluation of Togo's political situation and launched a program to train all political parties. Additional Africa Regional ESF funding is planned in FY 2003 to support an election observer mission for Togo's presidential election, scheduled in May 2003. We intend to continue to use regional Child Survival and Health Programs (CSH) funding to support efforts to combat HIV/AIDS.

To ensure a successful transition to democracy, it is vitally important that the military's capacity, professionalism, and commitment to democracy be enhanced. The FY 2004 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.

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 not eligible for trade benefits under the African Growth and Opportunity Act. In addition to the slow pace of democratization, there have been continuing credible reports of human rights' violations by the nation's security forces.

Togo is a member of the Economic Community of West African States (ECOWAS) and the African Union.

**Uganda**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
CSH	33,650	38,559	41,795
DA	24,724	24,385	20,273
IMET	0	170	200
P.L. 480 Title II	22,591	15,880	18,520
Peace Corps	1,119	1,410	1,723

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; the Government of Uganda continues to battle terrorists who have abducted and killed thousands of Ugandans and Sudanese. U.S. assistance will be used to promote democratization, good governance, human rights and health as we continue work to create greater economic opportunity and growth for the nation's 25 million people. Uganda struggles against a legacy of dictatorship and poverty and will continue to require donor assistance in building a democratic and prosperous future. Uganda is involved in the peace processes of three regional conflicts of great significance: the civil wars in the Democratic Republic of Congo (DRC), Sudan, and Burundi.

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. In 2002, the Embassy provided training to radio stations in the areas of reporting techniques and radio engineering. Support is also being provided to areas of the country affected by terrorist conflict to promote peace, reintegration of terrorist abductees, and development. In 2002, the U.S. government provided 46,660 metric tons of emergency food aid to fight the famine in Northern Uganda and worked to improve food security in that region. FY 2004 Child Survival and Health Programs (CSH) funding and DA will be 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 2004 DA will also 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 U.S. 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. These rates, however, remain unacceptably high. The United States will continue its work to fight HIV/AIDS using FY 2004 CSH resources to promote prevention, provide counseling, testing,

care and support programs, and conduct research. These funds also 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.

Uganda plays an integral role in the Sudan, Congo, and Burundi peace processes. Assuming current restrictions are lifted, FY 2004 International Military Education and Training (IMET) will help restore greater professionalism in a reorganized and downsized military. FY 2004 IMET programming will provide training in human rights, 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 2004, Uganda will be 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 and the Allied Democratic Forces.

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 2002 Actual	FY 2003 Request	FY 2004 Request
CSH	30,700	37,404	40,095
DA	14,822	12,881	9,632
IMET	189	225	225
NADR-HD	816	700	300
P.L. 480 Title II	8,060	0	3,100
Peace Corps	2,859	3,443	4,003

The primary U.S. national interest in Zambia is economic prosperity to support Zambia's development as a stable, peaceful, and prosperous free market democracy, enhancing the stability of southern Africa. With ongoing conflict 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 2004 Development Assistance (DA) funds will support Zambian efforts, both governmental and non-governmental, to strengthen democracy. 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 2004 DA will support market-oriented economic reforms and increase the productive capacity of rural Zambia. Such activities will include support for improved soil conservation techniques, better product marketing skills, and a micro-credit insurance program. Projects will also support business linkages in all economic sectors, with particular emphasis on agriculture, light manufacturing, information technology, and tourism. Zambia has recently qualified for full participation in the African Growth and Opportunity Act. Zambia has been declared by the International Monetary Fund and World Bank to be eligible to receive debt relief under the enhanced Highly Indebted Poor Countries (HIPC) initiative. Zambia is the home of the secretariat of the Common Market of Eastern and Southern Africa, which is working to expand regional economic integration -- an objective the United States shares -- to promote prosperity and stability both within Zambia and throughout the region. U.S. companies continue to benefit from investments in a range of sectors in Zambia, especially energy and mining-related enterprises.

To develop one of Zambia's greatest resources -- its people -- DA will be used to increase the quality of and access to primary education, as well as to improve school-based health and nutrition. The Peace Corps is working at the grassroots level to expand economic opportunities, improve sanitation and health care, and enhance basic education, while providing excellent opportunities for volunteer service to Americans.

Diseases and their effects significantly hamper economic growth. Zambia is struggling to deal with high fertility rates and infectious diseases, including the HIV/AIDS epidemic. One-fifth of the adult population is HIV positive. FY 2004 Child Survival and Health Programs (CSH) funds will support governmental and non-governmental efforts to prevent and treat HIV/AIDS, establish sustainable community-response mechanisms for orphans and vulnerable children, support child survival and maternal health care, expand malaria prevention and treatment programs, reduce vitamin deficiencies, further consolidate immunization services, and prevent and treat diarrheal diseases. Assistance will also be provided to local-level Zambia health management teams. In addition, the Centers for Disease Control and Prevention is working in Zambia to monitor HIV prevalence, build public health laboratory capacity, and improve programs to prevent and treat tuberculosis and sexually transmitted infections.

The International Military Education and Training (IMET) program supports regional stability and enhances democratic values in the Zambian military. FY 2004 IMET will enable Zambian military personnel to attend courses at the Defense Institute of International Legal Studies and U.S. military staff colleges and receive training in peacekeeping, logistics, defense resources management, and tactics.

Zambia will be eligible in FY 2004 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 2004 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 2002 Actual	FY 2003 Request	FY 2004 Request
CSH	6,450	14,223	15,835
DA	2,512	1,885	746
ESF	0	0	4,000
NADR-HD	0	270	0
P.L. 480 Title II	25,522	0	0
Peace Corps	339	0	0

The principal U.S. interests in Zimbabwe are democracy, human rights and economic prosperity. Assistance from the United States will promote reforms that will help reverse Zimbabwe's economic and political decline, restore the rule of law and respect for human rights, and promote regional stability. Zimbabwe's collapse could have profound effects on the region in terms of economic development and possibly refugees. U.S. humanitarian assistance will help Zimbabwe to address its acute HIV/AIDS problem and food shortages. Despite strained relations, Zimbabwe has cooperated with the United States on law enforcement and counter-terrorism matters. Zimbabwe is a member of the Southern African Development Community.

Zimbabwe is in the midst of destructive and interrelated humanitarian, economic and political crises. Zimbabwe was once regarded as an enduring post-independence success story, but the actions of the Government of Zimbabwe (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 (-12 percent), high rates of inflation (198.5 percent), and unemployment (60 percent). Political instability, violence and increasing poverty are undermining social stability and risk having negative effects throughout the region. Severe food shortages threaten 7.2 million people, over half the population, and will require an infusion of donor resources for the foreseeable future. The United States is donating food through the World Food Program and the Consortium for the Southern African Food Emergency (C-SAFE). Over one-third of the sexually active population is HIV positive (with an estimated 4,000 deaths per week). 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. Staffing at many health clinics is estimated at only 40 percent.

Repairing Zimbabwe's tattered institutions and rebuilding its economy promises to be a long and difficult process. It is also one that the country cannot embark upon without first addressing the underlying political crisis that polarizes this troubled nation. Objectives for U.S. assistance in Zimbabwe are to prevent a further deterioration of the political and economic situation and the consequent detrimental impact on the region; strengthen the prospects for stability by fortifying civil society and democratic institutions; implement an effective response to the catastrophic HIV/AIDS pandemic; and protect the welfare and investments of U.S. citizens.

In response to the humanitarian crisis, the United States is collaborating with UN agencies, other donors and non-governmental organizations (NGOs) to provide food assistance to approximately 7.2 million of the 13.1 million Zimbabweans. Aside from immediate humanitarian needs, Child Survival and Health Programs (CSH) funding is focused on mitigating the devastating HIV/AIDS pandemic through programs to promote behavior change and reduce the stigma of AIDS, including voluntary HIV counseling and testing services; social marketing of condoms; integrating HIV/AIDS-related activities into existing family planning programs; strengthening the capacity of civil society to formulate and advocate for improved

HIV/AIDS policies; supporting community responses to the need for care of orphans and other vulnerable children; and providing support services for those with HIV.

FY 2004 Development Assistance (DA) and Economic Support Funds (ESF) will continue to promote democracy by increasing civil society's ability to influence economic and political policy-making, especially in parliament and at local government levels. The goal is to make the government both more responsive and accountable to its citizenry. In the economic sector, DA will continue to support private sector development in the form of micro-enterprise development and business skills training. Zimbabwe is not currently eligible for the African Growth and Opportunity Act largely due to the prevailing human rights situation.

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 2002 Actual	FY 2003 Request	FY 2004 Request
PKO	0	0	15,000

The African Contingency Operations Training and Assistance (ACOTA) program is designed to train and prepare select African militaries to respond effectively to peace support and humanitarian crises on the continent. The program's comprehensive approach is intended to reduce the quick response demands on the United States while assuring that the United States is a key partner to peace support in Africa. The program enables African military units from different countries to execute multinational peacekeeping operations (PKO) by providing them with interoperable peace support operations skills and basic equipment.

In FY 2002, ACOTA replaced the African Crisis Response Initiative (ACRI) that had begun in 1997. PKO funding requested in FY 2003 for ACRI (\$10 million) will be used for this program. While building upon the strengths of ACRI, ACOTA has worked in collaboration with our African partners and European allies and has incorporated many of the lessons learned from recent peacekeeping missions on the African continent. Major changes in the program include providing additional flexibility in the training offered (including preparation for higher threat peacekeeping operations), developing the ability of host nations to sustain their peacekeeping capabilities through the development of their own peacekeeping training capacity, and placing greater emphasis on integrating ACOTA's efforts with other peacekeeping training efforts. The program also emphasizes equipment maintenance; assisting and engaging regional and sub-regional organizations; developing more effective evaluation measures; and improving coordinated crisis response training with other U.S. Government programs in Africa. The process involves 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, first conducted in FY 2000 and continuing in FY 2004, develops skills necessary for sub-regional command and control structures. The program also continues to integrate humanitarian, nongovernmental, private voluntary, and international relief organization participation in the training to facilitate cooperation and coordination in actual operations as well as to enhance program transparency. ACOTA funds are also used to provide basic equipment appropriate to peace support operations, such as a comprehensive communications package, portable electric power generators, mine detectors, night vision devices, portable light sets, and water purification units.

Under ACRI, eight countries (Senegal, Uganda, Malawi, Mali, Ghana, Benin, Cote d'Ivoire, and Kenya) completed initial battalion-level training, and two, Senegal and Kenya, completed initial brigade-level training. Multinational exercises, combining brigade staffs from Senegal and Kenya with battalion staffs from Malawi, Mali, Benin, and Kenya, began in FY 2001 and will continue, through FY 2004. ACOTA is building on the skills developed in ACRI exercises and attempting to sustain them by enhancing the participating nations' capacity to train and prepare their own troops to deploy effectively to peacekeeping operations.

ACOTA partners have been instrumental in regional and international efforts to achieve security and stability in Africa. For ACOTA/ACRI-supported activities during FY 2002, Kenya provides the current Force Commander and one battalion to the UN mission in Sierra Leone, while Ghana provides another

battalion. Kenya also provides a battalion to the UN mission in Eritrea/Ethiopia, and an ACRI-trained Ghanaian brigadier serves as the chief Africa Union military advisor to this peacekeeping effort. Malawi provides a number of military observers to the UN mission in the Democratic Republic of Congo. ACRI/ACOTA trained elements are also deployed as part of the peacekeeping force monitoring the fragile cease-fire in the Ivory Coast.

In FY 2004, Peacekeeping Operations (PKO) funds are needed to conduct follow-on training for individual country programs such as Ethiopia, Botswana or South Africa, conduct multinational brigade-level training exercises (that include sub-regional organization participants), and begin assistance and training with at least one new partner.

**Africa Regional Fund**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
ESF	29,000	32,000	14,000
ESF-SUP	20,000	0	0

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. ESF offers 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 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 2004 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 2004 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.

Approximately half of the FY 2004 Africa Regional ESF (estimated \$6 million) will be used for democracy, election support, and human rights projects. This might include projects to strengthen legislatures in places such as Zambia, Guinea, Togo, and Mauritania; support elections in Malawi, Mozambique, and Namibia; and address trafficking-in-persons and other human rights concerns in countries such as Cameroon, the Central African Republic, Equatorial Guinea, and Chad. Roughly a quarter of the FY 2004 Africa Regional ESF (estimated \$3.5 million) 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. In addition, an estimated \$2.5 million in FY 2004 Africa Regional ESF will be used for environmental intervention programs to complement USAID's larger and longer-term activities in this area. Special emphasis will be placed on regional projects that encourage countries to work together to address transnational environmental degradation and develop strategies for sustainable resource use. Approximately \$2 million in FY 2004 Africa Regional ESF will support trade and investment promotion (including sovereign credit ratings) and the implementation of the African Growth and Opportunity Act (AGOA). Donor coordination and burden sharing will help ensure that U.S. resources are used strategically and continue to achieve maximum results with minimum duplication.

Kenya's peaceful transition through a free and fair presidential election in December 2002 was 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 Lesotho, Mali, and Sierra Leone. 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 2002 Actual	FY 2003 Request	FY 2004 Request
PKO	39,905	30,000	9,000

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 reduce conflicts in Africa. Low-cost support and capacity development to resolve and prevent African conflicts pays great dividends. For example, in often times volatile West Africa, support for the deployment of Economic Community of West African States (ECOWAS) peacekeeping units to Cote d'Ivoire is an integral part of our strategy to support a negotiated settlement among the parties and facilitate peace in the region. In the cases of the Congo, Burundi, Sudan, and the Mano River region, the United States will continue collaboration with allies and ready African partners to manage and reduce destructive conflict. These low expenditures provide improved U.S. access, increase U.S. leverage to press parties to fulfill commitments, and make it more likely that capable African forces will respond regionally, reducing a potential need to deploy U.S. troops. U.S. strategy seeks to help resolve existing conflicts and support peacekeeping and conflict resolution in the short term, principally using Peacekeeping Operation (PKO) funds, while simultaneously building an African capability to handle conflict and prevent crises well into the future, mostly using Foreign Military Financing (FMF).

PKO funds in FY 2004 will continue activities undertaken in FY 2002 and 2003 to bring peace to Cote d'Ivoire and to end the violence in Sierra Leone and Guinea provoked by Liberian President Taylor. We expect that by the end of FY 2004, the efforts of ECOWAS, France, the U.S. and other members of the international community will bring stability to Cote d'Ivoire, a key West African economy. In addition, the work of the United States, the UN Mission in Sierra Leone (UNAMSIL), the new Sierra Leone Army, our allies, and key West African partners will have greatly eroded the capacity of Charles Taylor and others to destabilize the region. PKO funds will also enhance ECOWAS capacity in crisis response and peace support; a longer-term USG effort. To accomplish these broad goals, we will provide continued support for maintenance management and training at the depot in Sierra Leone as well as sustainment of a satellite-based communications system for ECOWAS peacekeeping staff.

Other PKO-funded activities will include support for disarmament, demobilization, resettlement, and reintegration in the Democratic Republic of Congo (DRC), a comprehensive cease-fire in the Sudan, and peace efforts in Burundi. These funds will support regional efforts aimed at disarming and demobilizing forces in the eastern DRC, using both voluntary and involuntary means. For example, funds could provide logistical support for elements involved in ongoing regional disarmament efforts. In the Sudan, funds will cover the continuation of ongoing efforts such as the Civilian Protection Monitoring Team (CPMT) and Joint Military Commission (JMC) in the Nuba Mountains. If needed, funds will also ensure that African regional partners are able to deploy forces to support a comprehensive peace in Sudan. PKO funds will support South African-led diplomatic and military efforts to back the Burundi peace process. This support may include assistance for deploying forces, including those from South Africa, Ethiopia and other capable troop contributors.

PKO-funded programs have produced concrete results in our efforts to bring peace to Africa and expand African capacity to manage conflict. We have supported the activities of the South African Third Party Verification Mechanism (TPVM) in the Democratic Republic of Congo (DRC). The TPVM was instrumental in keeping the Congolese peace process on track and among other activities, was instrumental in the repatriation of Rwandan combatants. In FY 2002, the USG assisted the deployment of the South African National Defense Force (SANDF) Special Protection Unit to Burundi, which was critical to bringing parties to Bujumbura so that a long-term peace agreement could be signed. During FY 2002/03 in

Sudan, the Department selected a contractor to run the 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 Machakos peace negotiations 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 cease-fire agreement and to encourage peace in Cote d'Ivoire. With French and U.S. assistance, including through the use of USG-owned equipment maintained at the PKO-funded depot in Sierra Leone, five ECOWAS countries deployed to Cote d'Ivoire in January 2003. ECOWAS is also aided in this effort through a PKO-funded satellite communications package that linked member states on a round-the-clock basis. In FY2002/03, PKO funds also facilitated peace in the Mano River states of Sierra Leone and Guinea through provision of helicopter and aerial surveillance support. The helicopter support has assisted the GOSL in extending its authority throughout the country at a time when UNAMSIL is drawing down.

Using FY 2002 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 controlling their borders, countering traffickers and smugglers and monitoring the trafficking of people and illicit material through their territories. FY 2004 PKO funds will be needed to continue this important counter-terrorism initiative.

**Military Health Affairs**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
FMF	0	2,000	1,500

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 the 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 U.S. stands alone in offering a program for African military forces. Keeping African militaries healthy and capable of protecting the state and its citizens and 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 alive and productive for the duration of their careers is also a wise investment.

Under provisions of the Leadership and Investment in Fighting an Epidemic (LIFE) Initiative, the Department of Defense (DoD) provided \$10 million in Health Care funds in FY 2001 and \$14 million in FY 2002. DoD's role was limited to supporting training and education activities for sub-Saharan African militaries. The Naval Health Research Center in San Diego has been sending medical teams to sub-Saharan Africa as part of this two-year initiative. The teams assist with HIV prevention programs in 21 African militaries with the following objectives:

- Establish HIV/AIDS-specific policies for military personnel.
- Adapt and provide HIV prevention programs.
- Train military personnel to implement, maintain, and evaluate HIV prevention programs.
- Provide information/training to change high-risk HIV attitudes and behaviors among military personnel.
- Integrate and make use of other U.S. government programs and those managed by allies and the United Nations.

Early in 2001, the name of the Africa component of the program was changed to the Africa Initiative in Military Medicine (AIMM). FY 2004 FMF funds are required to supplement the AIMM 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.

**Regional Organizations**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
ESF	4,000	6,000	3,000

U.S. support of African regional organizations increases trade and the free flow of goods, services and capital. 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. Regional economic organization goes hand in hand with other efforts to promote economic growth, poverty reduction and regional stability.

The goal of the Regional Organizations ESF program is to provide technical assistance to such regional organizations as:

- Southern African Development Community (SADC);
- East Africa Community Treaty (EAC);
- Common Market of Eastern and Southern Africa (COMESA);
- Economic Community of West African States (ECOWAS);
- West African Economic and Monetary Union (WAEMU); and
- Intergovernmental Authority on Development (IGAD).

FY 2004 Regional Organizations ESF will be used to strengthen the institutional capacity of the organizations themselves and to help them design the kinds of initiatives and programs that will contribute to regional and global economic integration, especially to opening markets and harmonizing tariff structures, investment and sectoral policies. Adherence to World Trade Organization standards, and customs, border, and financial sector reforms that promote integration are some of the goals that will be pursued.

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 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 AOGA 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 AOGA Implementation Workshops as well as for regional consultations on WTO matters.

**Safe Skies**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
ESF	3,000	8,000	5,000

The Safe Skies for Africa (SSFA) initiative will enhance U.S. economic prosperity, improve international law enforcement, increase the safety and security of airline passengers, including U.S. citizens, and advance the fight against terrorism. SSFA will also encourage economic integration and growth and facilitate 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 will help 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 2000 and 2001, SSFA interagency teams, composed of representatives from the Department of Transportation (DOT), the Federal Aviation Administration (FAA), the Department of Defense, the Drug Enforcement Agency, the Immigration and Naturalization Service, and the U.S. Customs Service, surveyed airports in eight of the nine SSFA countries. 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. SSFA activities in Cote d'Ivoire are currently suspended under sanctions mandated by Section 508 of the Foreign Assistance Act (prohibiting foreign assistance); and Zimbabwe is no longer an active participant in SSFA due to political considerations, leaving seven active SSFA partners.

SSFA teams continued work in FY 2002 and FY 2003 with aviation officials from these seven SSFA countries and began implementation of SSFA recommendations, work that is continuing in FY 2003. In FY 2003, two SSFA countries are expected to attain FAA Category I status, becoming the program's first major successes: Cape Verde and Kenya. Several others may also do so by early FY 2004. (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. Nations being considered include Benin, Botswana, Gabon, Mauritius, Mozambique, and Uganda.

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 will supply x-ray, explosive trace detectors, and other similar equipment in FY 2003 to the seven active SSFA nations.

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, DOT, State's implementing partner, intends to continue its efforts to bring several of the Safe Skies countries into compliance with ICAO safety and security standards as well as continue 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.

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## EAST ASIA AND THE PACIFIC

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**Burma**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
CSH	0	0	2,500
ESF	6,500	6,500	6,500

Burma, strategically located between China and India in Southeast Asia, remains of continuing concern to the United States. The United States 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. The Economic Support Funds (ESF) earmarked for Burma are keyed toward the first two of these national interests.

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 de facto 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 her most recent period of house arrest and freed hundreds of political prisoners. However, no apparent progress was made toward a substantive dialogue between the regime and ASSK.

In addition to work inside the country, ESF funds also target the ethnic populations that have been expelled from Burma as a result of the regime's brutal military campaigns. U.S. government assistance provides critical aid to the growing number of refugees and displaced persons living inside Burma and along Burma's borders in neighboring countries, particularly Thailand. Such assistance helps ethnic populations maintain their cultural identities, 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.

Beginning in FY 2002, USAID reprogrammed \$1.0 million of global Development Assistance (DA) funding to Burma for HIV/AIDS humanitarian assistance (administered by American and international non-governmental organizations). HIV/AIDS programs in Burma will be funded by \$1.5 million of global DA requested for FY 2003 and \$2.5 million of Burma-specific Child Survival and Health (CSH) funds requested for FY 2004.

**Cambodia**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
CSH	15,000	22,500	22,800
DA	0	0	2,000
ESF	20,000	17,000	15,000
IMET	0	200	200
NADR-HD	2,290	3,020	3,000
P.L. 480 Title II	1,085	0	0

Promoting peace, stability, and democratic development in Cambodia is essential to the region's stability in the wake of 30 years of war and Khmer Rouge genocide. As a participant in the 1991 Paris Peace Accords on Cambodia, the United States, other signatories and concerned members of the international community continue to have an interest in Cambodia's national reconciliation and reconstruction. A central task is to nurture democratic development in this impoverished nation, which has barely begun to establish democratic processes and institutional reforms and still lacks human capacity and resources. The level and nature of our assistance program depend on the Cambodian government's progress towards democracy and respect for human rights. With a few exceptions, current legislative restrictions do not permit funds from the Foreign Appropriations Act to be used to aid the central government of Cambodia.

Since 1997, assistance to Cambodia has been funneled almost exclusively through non-governmental organizations (NGOs) and international organizations. Legislative exceptions in FY 2002 included basic education, HIV/AIDS programs, Leahy war victims programs, and efforts to combat human trafficking. Program areas include assistance to 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. Cambodian NGOs that helped plan, monitor, and implement Cambodia's first-ever local elections in February 2002 will focus their efforts on parliamentary elections in 2003. With Congressional approval, we would use Economic Support Fund (ESF) to support some follow-up to the parties' national election programs, including support for party communication with constituents. An overall goal of the programs is to strengthen civil society, provide for checks and balances in a strong executive, and enhance government accountability. We would also seek to find ways to make the Documentation Center of Cambodia, an archive of the Khmer Rouge genocide, a self-sustaining entity.

International assistance is vital to Cambodian efforts to remove what is estimated to be as many as one million land mines and 2.5 million pieces of unexploded ordnance. It is conservatively estimated that, at the current rate of demining, it will take 20 years to reach a "mine safe" condition. Cambodia is among the top five nations in the world for the number of landmine victims, with over 800 casualties per year. 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 2004. 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 strengthen the current health system 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 2002 Actual	FY 2003 Request	FY 2004 Request
ESF	25,000	19,000	13,500
FMF	1,000	2,000	2,000
IMET	43	100	150
Peace Corps	612	1,329	1,559
PKO	7,103	5,000	2,000

The United States has important political and security interests in East Timor. The UN Transitional Administration in East Timor (UNTAET) assumed responsibility for peacekeeping in East Timor in February 2000. The people of Timor-Leste 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 United States intends to continue to help the East Timorese with assistance aimed at humanitarian relief, reconstruction, institutional development, capacity-building and economic recovery. Our goal is the emergence of a viable, democratic East Timor that is integrated politically and economically into regional and global structures and markets. For democracy, rule of law and stability to take permanent hold in East Timor, the United States 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 2003, the United States is contributing 60 police officers to the civilian police (CIVPOL) component of the United Nations Mission of Support in East Timor (UNMISSET), which is responsible for interim law enforcement and public security functions while training the new 2,800-member East Timor Police Service (ETPS) to assume permanent responsibility for these functions. The United States is also supporting two advisors to the Office of Defense Force Development (ODFD). In addition, the United States is providing direct support to assist UNMISSET efforts to enhance ETPS capabilities in field training in investigations, supervision and management, and civil disturbance management. In FY 2004, Peacekeeping Operations (PKO) funds will be needed to continue a voluntary U.S. contribution to CIVPOL, during which time CIVPOL will continue to downsize as it transfers law enforcement responsibilities to the ETPS in a phased process. PKO funds will also be needed to maintain the two advisors to the ODFD. At this time, it is not anticipated that PKO funds for East Timor will be required beyond FY 2004.

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, 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. To achieve this, ESF funds will be directed toward rebuilding the fundamental physical elements of the economy, such as schools and roads, and stimulating sustainable growth in East Timor's established industries while exploring new opportunities. This request for \$13.5 million in ESF funds, a somewhat 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 and 1,500 reserve personnel to meet East Timor's security needs. Although East Timor's security will ultimately depend on good relations with neighboring countries, the new nation will need an ETDF with basic equipment for defense, support, communication and transportation. Foreign Military Financing (FMF) will help 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. Following independence and approval of a Presidential Determination in FY 2002 on East Timor's eligibility to purchase defense articles and services from the U.S. Government, East Timor would be eligible in FY 2004 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 2002 Actual	FY 2003 Request	FY 2004 Request
IMET	0	100	200
Peace Corps	0	1,363	1,557

Civilian governments in Fiji have been overthrown three times, most recently in May 2000, because of deep divisions. 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. We have made clear that further progress toward a return to full constitutional democracy could open the way for a resumption of the IMET program in Fiji.

U.S. interests in Fiji, the most significant of the Pacific Island countries, include encouraging stable democratic government, promoting economic prosperity via facilitation of U.S. trade and investment and 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. Starting in 1999, Fiji joined regional nations in sending peace monitors to oversee the truce in the Solomon Islands. 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 2004 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 2002 Actual	FY 2003 Request	FY 2004 Request
CSH	35,568	32,568	29,250
DA	38,704	38,704	31,691
ESF	50,000	60,000	60,000
IMET	405	400	600
INCLE-SUP	4,000	0	0
NADR-ATA	0	0	4,000
NADR-ATA-SUP	8,000	0	0
P.L. 480 Title II	5,670	10,245	11,194

Few U.S. assistance programs seek as much impact on as many basic economic, security and social issues as those now operating in Indonesia. Indonesia's strong reaction to the Bali terrorist bombings in October 2002 underscored our mutual interest in preventing the world's largest Muslim country from falling prey to extremists bent on violence. 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.

Since a major reordering of priorities after 9/11, we have increased our efforts on educational exchange and outreach to the Indonesian Islamic community. We are assisting Indonesians to combat hate and intolerance with education, exchanges, diplomacy and human interaction. We are also achieving measurable success in our goals in Indonesia since 9/11, including expanding our political outreach to mainstream religious groups that oppose violence. Senior GOI officials now acknowledge the threat of terrorism, and civil society leaders are speaking out on the need to prevent terrorism from exacerbating religious tensions.

The proactive use of American aid complements assistance from our Australian, Japanese and other allies but also sets the pace in buttressing Indonesian stability. Absent such efforts, the fabric of one the world's most populous countries could become even more dangerously frayed in the lead up to the 2004 elections. A basic change in Indonesia's pluralist outlook could profoundly threaten the country's:

- Counterterrorism cooperation with the U.S.;
- Democratic transition;
- Territorial integrity; and
- Economic recovery.

Requested funding cements Indonesia's position as the largest American foreign assistance program in Southeast Asia. Economic Support Funds (ESF) augment and complement DA and CSH spending, 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 melded together.

In FY 2004, Development Assistance (DA) and Child Survival and Health (CSH) funds will focus on assisting Indonesia's democratic transition; promoting economic recovery and growth; facilitating

Indonesia's decentralization process; reducing the threat of conflict in strategic areas of Indonesia; strengthening natural resources management; and improving the health of women and children. Some FY 2003 funding has been shifted to meet immediate needs in thwarting terrorist financing, preparing for 2004 national elections, supporting the peace process in Aceh and preventing conflict in Bali.

Post 9/11, we have realigned our priorities for ESF funding with new priorities for counterterrorism and financial crime support; police reform; political outreach and expanded work on religious tolerance activities; conflict prevention and mitigation; and support for Indonesia's first ever direct presidential elections in 2004.

NADR funding is to provide sustainment and expansion funds for the FY 2002 Emergency Supplemental-funded assistance for a police counterterrorism unit. In FY 2002/03, initial funds of approximately \$8 million were appropriated for support of this police CT unit. We anticipate the unit will require further support for ongoing training, additional equipment and supervision to retain and improve its effectiveness.

The International Military Education and Training (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 offered would also focus on institutionalizing the concepts of transparency in budgeting, logistics and acquisition processes.

USAID's Transitional Activity Program (TAP) is a P.L. 480 Title II program helping 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 plans to distribute approximately 23,000 MTs of P.L. 480 Title II commodities to an estimated 300,000 urban and rural poor in 2003. 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 2002 Actual	FY 2003 Request	FY 2004 Request
CSH	1,000	1,000	1,350
DA	1,000	1,000	0
IMET	0	100	100
INCLE	4,200	3,000	3,000
NADR-HD	1,328	1,200	1,700
P.L. 480 Title II	513	0	0

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 improve its ability to deliver services to Lao citizens and improve basic social welfare. Laos is a major opium producing country, increasingly an important drug-transit point, and is facing a rapidly growing problem with methamphetamine usage. 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 attacks on September 11, the Lao Government reversed its position and approved the State Department's long-standing request to post a regional security officer at Embassy Vientiane. The Government of Laos has issued an assets freeze order, has publicly supported U.S. actions in the war against terrorism despite our lengthy history of political disputes, and has passed eight international anti-terrorism conventions.

For FY 2004, funding will be zeroed out for Development Assistance (DA). Child Survival and Health programs (CSH) will be separated from DA in 2004. These funds will be made available only through non-governmental organizations to address basic human needs. Previously, the DA request assisted with a program that aims to broaden income-generating opportunities for poor families via production, processing and sale of raw silk and lessen the attractiveness of opium cultivation. The program centers on areas of Laos that were intensively bombed during the war period. CSH funds for Laos will focus on HIV/AIDS prevention programs.

The FY 2004 request for Humanitarian Demining programs (under the 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 2004 request for International Military Education and Training (IMET) will support POW/MIA accounting efforts through English-language training programs to Lao involved in Joint Task Force (JTF) activities. This assistance should increase the ability and speed of communications between U.S. and Lao personnel, and thereby the efficiency of JTF activities.

Laos will be eligible to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act in FY 2004. Grant EDA items, including communications equipment and transportation assets, will support U.S. counter-narcotics goals, the fullest possible accounting of missing personnel from the war in Southeast Asia, and demining.

International Narcotics Control and Law Enforcement (INCLE) funding will provide for counter-narcotics measures. The principal activity is a crop control and alternative development project in Phongsali Province. In addition, the funding will assist the Lao government to train and maintain special counter-narcotics units of the police, assist demand reduction projects to treat addicts, and perform public outreach against drug use.



**Malaysia**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
IMET	831	800	1,200
NADR-EXBS	150	300	100

Malaysia has been a cooperative and pro-active partner in the global campaign against terrorism. In FY 2004, the United States will continue to broaden counterterrorism cooperation with Malaysia, one of the key Muslim states in the region, both bilaterally and in multilateral fora such as the Association of Southeast Asian Nations (ASEAN) and the ASEAN Regional Forum (ARF). Beyond our cooperation in the fight against terrorism -- highlighted during PM Mahathir's May 2002 U.S. visit by the signing of a bilateral Declaration of Cooperation to Combat International Terrorism -- the United States and Malaysia share other longstanding and important economic, political, and security interests. Malaysia is among our top dozen trading partners and continues to be an important market for U.S. goods and services. The United States also has a strong interest in supporting the strengthening of democratic institutions in Malaysia. Malaysia is an active member of ASEAN. It is also a moderate member of both the Non-Aligned Movement (NAM) and the Organization of Islamic Conference (OIC); it will assume the chair of both organizations this year, giving Malaysian views on Islamic issues and the Middle East especially strong weight in the global arena. A supporter of the U.S. forward presence in Asia, Malaysia borders one of the world's most important maritime waterways. Malaysia routinely grants overflight clearances to U.S. military aircraft transiting Malaysian airspace enroute to and departing Singapore and welcomes U.S. ship visits and military aircraft in connection with the U.S.-Malaysian bilateral military cooperation relationship.

International Military Education and Training (IMET) funds will be used to contribute significantly to regional stability by strengthening our military-to-military ties and familiarizing the Malaysian military with U.S. doctrine, equipment, and management techniques. IMET will also reinforce the Malaysian military's commitment to human rights and good civil-military relations and help expand our access to and cooperation with Malaysian military leaders. Malaysia has been active in multinational peacekeeping operations, which necessitate training that promotes interoperability. Malaysia is also engaged in training that will improve the military's ability to combat narcotics trafficking and money laundering operations.

IMET funds for Malaysia have resulted in additional benefits, such as the formation of good working relations with the Malaysian military. The Malaysian military shares our fundamental values about the military's role in society, and military-military and civilian-military cooperation is broad, open, and active. Participation in IMET is highly valued by the Malaysian military, and IMET graduates continue to advance steadily. Malaysia's Chief of Army is a 1980 graduate of the U.S. Army Command and General Staff College at Fort Leavenworth. Exposure to U.S. ideals promotes respect for human rights throughout a key branch of Malaysia's government; the Malaysian military has not been involved in systematic violations of human rights. IMET will also enhance Malaysia's ability to participate in international peacekeeping activities. Malaysia has 62 observers, 98 police, and 14 troops, for a total of 174 personnel, contributing to UN peacekeeping operations. For example, in Kosovo (UNMIK), Malaysia has one observer and 46 police; in East Timor (UNMIST), Malaysia has 16 observers and 50 police; and in Western Sahara (MINURSO), Malaysia has 10 military observers. We expect Malaysia to continue participating in future peacekeeping operations as its financial situation permits.

Although the global financial crisis slowed Malaysia's military procurement plans in the late 1990's, we expect Malaysia to look to the United States for future purchases as economic recovery continues.

Malaysia will continue to be eligible in FY 2004 to receive Excess Defense Articles (EDA) under Section 516 of the Foreign Assistance Act. EDA will support the U.S objectives of maintaining a stable and cooperative military relationship and improving Malaysia's peacekeeping capabilities. As an identified Level I country for the development of enhanced international peacekeeping capabilities, Malaysia requires communications systems, training aids and equipment, and items that will increase interoperability.

Malaysia is also a rapidly developing transshipment point without effective controls on transfers of sensitive materials and technologies. Nonproliferation, Anti-terrorism, Demining, and Related Programs (NADR) funds will provide export control assistance to strengthen Malaysia's ability to control, detect, and interdict such transfers, particularly transshipments, which could contribute to weapons proliferation.

**Mongolia**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
ESF	12,000	12,000	10,000
FMF	2,000	1,000	1,000
IMET	686	725	850
Peace Corps	1,710	1,859	2,073

As the first communist country in Asia to reform its economy and political system, Mongolia provides an important example of democratization to all of Asia. The United States has a clear national interest to support Mongolia's transformation into a secure, democratic and stable country that can contribute to the security and prosperity of the Asia Pacific region. U.S. assistance is fostering Mongolia's transformation to a market-oriented democratic society. It is in the U.S. interest to provide support for projects that will enhance Mongolia's ability to act responsibly and independently in the regional economy and participate in regional fora that address security, narcotics, transnational crime, environmental protection and other important issues.

U.S. assistance to Mongolia is helping to establish a market-oriented and democratic society by accelerating and broadening environmentally sound private sector growth, with a particular focus on bringing change to rural areas, and consolidating Mongolia's democratic transition. Mongolians are committed to the development of democracy and a market economy, and the government continues to pursue aggressive reforms. The government's reform policies have focused on sound macroeconomic management of the economy and key issues in the banking, power and pension sectors.

U.S. assistance is contributing to sustainable economic growth through Economic Support Fund (ESF) programs targeted at market and agricultural development, human capacity development and democratic institution building. U.S. assistance is helping to overcome obstacles to growth, which include undeveloped transportation and energy supply systems, inefficient public and state-run institutions, inadequate judicial and enforcement services and inexperienced civil society organizations. Under the economic growth program, U.S. assistance is funding programs to: (1) transfer productive assets to the private sector; (2) increase the efficiency of the banking sector and financial markets; (3) improve the business environment and promote competitiveness; (4) improve the management of natural resources; and (5) promote rural sector sustainable development addressing land use, private agriculture, and herder management issues. The successful implementation of these programs will lead to longer-term banking sector, tax policy, administration, regulatory debt management, and rural sector reforms. Under the democracy program, the United States will use funds to help to strengthen rural civil society and to improve the effectiveness of the parliament and the judiciary.

Mongolia must be able to protect and maintain its own borders. Its southern border stretches 2800 miles along China (China's longest border). Mongolia's northern border unfolds 1900 miles along Russia. North Korea sits only some 500 miles to Mongolia's east. The Foreign Military Financing (FMF) request will enable the completion of the FMF-funded communications upgrade project, which will greatly enhance Mongolia's ability to deal with transborder issues, including smuggling and drug and illegal goods trafficking. These issues are among Mongolia's most critical security concerns since they hold the potential to disrupt the stability of the currently democratic government.

Civilian control of the military, military justice, respect for international human rights standards, and preparation for participation in peace-keeping operations are promoted by International Military Education and Training (IMET) 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 2004, E-IMET programs will be increased to train senior leadership and assist in the program of military reform and restructuring. FY 2004 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 2004. This grant EDA will be used to support its transition to democracy; improve its self-sufficiency, disaster management, and humanitarian assistance/relief; and promote closer ties to the U.S. military. Mongolia was approved for grant transportation of EDA; without grant transportation, EDA is cost-prohibitive for Mongolia.

**Papua New Guinea**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
IMET	206	240	300

U.S. national interests in Papua New Guinea (PNG) derive from our overarching interest in regional stability and from PNG's status as home to one of the world's last large remaining tropical rain forests. PNG is the largest and most populous island nation in the South Pacific and neighbor to the troubled Indonesian province of Irian Jaya. U.S. interests include strong democratic institutions, development of disaster relief capabilities, peaceful transition from civil strife to rule of law in Bougainville province, a free enterprise economic system, and PNG's stewardship of diverse natural resources. The benefits of a stable, lawful, and prosperous PNG include reduced prospects of human rights violations, environmental degradation, and international organized crime.

In Bougainville, the former belligerents are working to establish a government of reconciliation under unarmed regional peace monitors and a small UN observer mission. The PNG armed forces retain a small presence in Bougainville, and their cooperation will be necessary for any lasting settlement on the island. Continuing International Military Education and Training (IMET) programs will help build a more professional and better-disciplined PNG Defense Force (PNGDF), enhance PNGDF ability to patrol the long border with Indonesia, and improve PNGDF capability to monitor and detect illegal fishing and to apprehend persons and vessels engaged in such fishing. IMET provides professional education and training to the PNGDF, with emphasis on human rights, civil-military relations, rule of law and military justice. English language training contributes to the latter goal and offers increased ability and opportunities for fruitful interaction with the U.S. military.

PNG will be eligible in FY 2004 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. Transportation, demining, training aids and patrol craft are desired.

**Philippines**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
CSH	25,599	24,550	22,000
DA	24,459	26,609	23,068
ESF	21,000	20,000	20,000
ESF-SUP	12,000	0	0
FMF	19,000	20,000	17,000
FMF-SUP	25,000	0	0
IMET	2,025	2,400	2,700
INCLE	0	0	2,000
NADR-SALW	95	0	0
Peace Corps	2,169	2,611	2,946

The United States has important security, commercial, and political interests in the Philippines, a treaty ally that straddles important air and sea lanes. The Philippines has vigorously supported the international anti-terrorism coalition and is working closely with the United States to enhance its counterterrorism capabilities. Committed to democratic principles, the Philippines is an important force for regional peace and security and an active member of the Association of Southeast Asian Nations (ASEAN) and the ASEAN Regional Forum (ARF). The Philippines has taken a leadership role in promoting a regional ASEAN anti-terrorism approach. Under the 1999 Visiting Forces Agreement (VFA), the Philippines and the United States have strengthened bilateral security relations and have worked together to bolster Armed Forces of the Philippines (AFP) capabilities. U.S. assistance will assist President Gloria Macapagal-Arroyo's progressive national agenda, including combating corruption, accelerating economic liberalization, and promoting national reconciliation, particularly in Mindanao. It will also support structural reforms to increase the Philippines' strength as a market for U.S. investments and exports.

Foreign Military Financing (FMF) will contribute to improving the military capabilities of our treaty ally in line with increasing cooperation under the VFA. The FY 2002 FMF appropriation funded the second 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 \$25 million in supplemental funding supported activities in connection with Operation Enduring Freedom Philippines, to wit: the training of two more light reaction companies (LRC) and provision of necessary equipment. Virtually all FY 2003 and 2004 spending would be on spare parts for equipment, overhauls and upgrades, programmed depot maintenance and improving logistics. The Philippines will be eligible in FY2004 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 complement this FMF approach. The focus is 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. IMET graduates who populate top AFP ranks have actively promoted close professional U.S.-AFP military-to-military relations.

Economic and Support Funds (ESF) will help the 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, strengthen the administration of the Autonomous Region of Muslim Mindanao and support outreach to other Muslim separatist groups. The rest will fund anti-corruption programs to improve governance in Mindanao's cities and reduce anti-competitive investment barriers. Development Assistance (DA) programs will support wider participation in public policy and development of civil society. DA/CSH funds will also support child health and family planning, as well as programs to counter the spread of AIDS.

FY 2004 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. FY 2004 courses for Philippine authorities will continue in these and similar areas.

**Samoa**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
IMET	113	120	150
Peace Corps	1,212	1,345	1,524

U.S. national interests in Samoa grow out of our national security interest in regional stability. The United States strives to maintain close ties with Samoa, which is a consistent supporter of U.S. positions internationally. Samoa is also a close neighbor of the U.S. territory of American Samoa, with which it has long-standing family and cultural ties. Other interests include 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.

IMET programs for Samoan military and civilian medical personnel aim to help the Samoan Department of Health better manage scarce resources and improve the overall quality of health care in Samoa. IMET training has also helped Samoan police officers participate more effectively in the UN-sponsored peacekeeping force in East Timor, which Samoa joined in 2000. This was the first time that Samoa made a contribution to a peacekeeping force. There is no doubt that the training provided under IMET helped contribute to Samoa's readiness.

Samoa is eligible in FY 2004 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 2002 Actual	FY 2003 Estimate	FY 2004 Request
IMET	146	150	50
Peace Corps	28	27	0

In the interests of regional security, economic prosperity, and reduced threats of conflict or environmental degradation, U.S. assistance to the Solomon Islands focuses on strengthening the nation's capabilities to secure its maritime borders, encouraging its democratic institutions, and preserving its biodiversity.

U.S. 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 help guarantee that the 1997 Solomons-Papua New Guinea border agreement continues to be honored. It also increases the country's ability to maintain control of its own fishery resources.

The Solomon Islands will be eligible in FY 2004 to receive grant Excess Defense Articles (EDA) under Section 516 of the Foreign Assistance Act. Grant EDA will support U.S. objectives of the Solomons' achieving more professional and better-disciplined security forces and effective maritime law enforcement and surveillance capability, as well as the capability to remove unexploded ordnance from World War II. Transportation, demining, training aids, and patrol craft are desired.

**Thailand**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
CSH	1,000	1,000	3,000
DA	750	2,250	750
FMF	1,300	2,000	1,000
IMET	1,748	1,750	2,450
INCLE	4,000	3,750	2,000
NADR-EXBS	70	50	1,500
NADR-HD	650	0	0
Peace Corps	1,267	1,694	1,922

The United States has important political, economic, strategic and security interests in Thailand. 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 and officers make up a substantial part of the UN Transitional Authority in East Timor, and Thailand recently sent peace monitors to Aceh. Thai construction engineers will participate in the reconstruction effort in Afghanistan, and the Thai Ministry of Foreign Affairs has donated to the UN Afghanistan Reconstruction Fund. In the war on terrorism, Thailand has granted the United States 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 United States 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.

In FY 2004, the United States 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 participate in international peacekeeping operations, such as East Timor and Aceh. We will also continue to encourage Thai participation in coalition operations outside of Thailand, such as Afghanistan. The 2004 FMF request complements other security and counternarcotics-related programs in Thailand by enhancing the Thai military's ability to combat and control terrorism, and control its 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 2004. This grant EDA will also advance interoperability, counterterrorism, counternarcotics, and coalition and peacekeeping goals, while enhancing U.S. influence and access.

INCLE programs expand Thailand's ability to conduct counternarcotics operations, assist with opium eradication efforts, facilitate crop substitution and demand reduction efforts, build and reform law enforcement institutions, and enhance cooperation with the Drug Enforcement Agency. In addition, INCLE will maintain funds for equipment and training for Thailand's Anti Money Laundering Office to go after drug kingpins and, once legislative fixes are complete, terrorist financing and other transnational organized crime. Multilaterally, INCLE funds the International Law Enforcement Academy (ILEA) in Bangkok, a cooperative U.S.-Thai undertaking. ILEA provides counternarcotics and anti-crime training to participants from regional countries and builds cooperation among law enforcement personnel that is critical for fighting drug trafficking, transnational crime, and organized criminal enterprises. Since September 11, ILEA has included training for law enforcement personnel in techniques to disrupt terrorist financing and similar terrorist-related activities.

Nonproliferation, Anti-terrorism, Demining, and Related Programs (NADR) funds will provide 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 2004 the EXBS program will propose to begin activities to help Thailand strengthen its legal authorities and enforcement capabilities.

USAID's programs, supported with FY 2003 and FY 2004 Development Assistance (DA) and Child Survival and Health (CSH) funds, 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, although a new regional support office will open in Bangkok in FY 2003.

**Tonga**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Estimate	FY 2004 Request
IMET	115	125	125
Peace Corps	1,043	1,071	1,145

The United States wants Tonga's support in regional organizations, such as the Pacific Community, the Forum Fisheries Agency, and the South Pacific Regional Environment Program. Tonga has consistently supported U.S. positions at the United Nations since joining in 1999.

Tonga joined other regional nations in 1999 (New Zealand, Australia, Vanuatu, and Fiji) in providing unarmed peace monitors once a truce was achieved in Papua New Guinea's Bougainville Island province. International Military Education and Training (IMET) provides professional education and training for Tonga's Defense Force, with emphasis on respect for human rights, civil-military relations, rule of law, and military justice. IMET also helps to support Tonga's ability to contribute to regional peacekeeping endeavors.

Tonga is eligible to receive Excess Defense Articles (EDA) in FY 2004 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 2002 Actual	FY 2003 Estimate	FY 2004 Request
IMET	95	100	100
Peace Corps	1,212	1,414	1,572

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 2004 to receive grant Excess Defense Articles (EDA) under Section 516 of the Foreign Assistance Act. Grant EDA will support the U.S. objective of improving VMF operational effectiveness in regional peacekeeping and disaster relief efforts. Transportation, training aids and patrol craft are desired.

**Vietnam**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
CSH	4,106	4,006	7,200
DA	6,950	8,450	4,000
IMET	0	100	100
NADR-EXBS	20	50	50
NADR-HD	1,500	1,700	1,600

The United States has a national security interest in promoting a stable, globally integrated Vietnam with increasing economic prosperity and U.S. trade relations. The United States also has an interest in helping disadvantaged groups, such as those at high risk of contracting HIV/AIDS, the disabled, displaced children, and victims of natural disasters, landmines, and unexploded ordnance.

The United States seeks to enhance Vietnam's ability to be a constructive regional player by encouraging Hanoi's active participation in the Association of Southeast Asian Nations (ASEAN), the ASEAN Regional Forum (ARF), and other strategic dialogues. We also seek to diminish mistrust through incremental expansion of military-to-military contacts.

The FY 2004 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 Headquarters, Pacific Command. Programmed FY 2002 funding for this purpose was not disbursed due to a Vietnamese failure to agree to assurances on end use and third-party transfers. The United States hopes to conclude an IMET agreement with Vietnam to allow for use of FY 2003 and FY 2004 funds.

Landmines and unexploded ordnance pose a constant danger to civilians and are a severe impediment to agriculture and economic development. FY 2004 Nonproliferation, Anti-terrorism, Demining, and Related Programs (NADR) funds will be used to continue to assist Vietnam with development of a comprehensive humanitarian demining program to protect the lives of innocent civilians and to promote economic and agricultural development. NADR funds also will provide export control assistance to strengthen Vietnam's ability to control, detect and interdict transfers of sensitive materials and technology that could contribute to weapons proliferation.

Development Assistance (DA) 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 children with disabilities and in developing local capacity to include them in educational programs. Future programs will place more emphasis in sustainability by building local capacities to support these disabled groups.

**ASEAN Regional**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
ESF	0	0	2,500

New in FY 2004, the ASEAN fund will operate in support of the ASEAN Cooperation Plan (ACP) announced by the Secretary of State in August 2002. The Fund complements the President's Enterprise for ASEAN initiative and will support projects in three areas: bolstering the administrative and project implementation capacity of the ASEAN Secretariat; building regional cooperation on transnational challenges, including terrorism, human trafficking, narcotics, and HIV/AIDS and other infectious diseases; and fostering ASEAN economic integration and development, including investment, customs reform, standards, and the ASEAN Free Trade Area (AFTA).

The ASEAN Regional Fund will support capacity building projects to enable the ASEAN Secretariat to support the organization more effectively as the chairmanship rotates among member countries. Assistance in developing ASEAN capabilities to counter the many transnational challenges facing the region reinforces U.S. policies and national interests, such as terrorism, narcotics trafficking, and people smuggling and human trafficking. Finally, support for "ASEAN Integration" will facilitate ASEAN development as an effective economic and political organization. To this end, the Fund will address ASEAN needs in human resource development, information technology, regional economic integration, and sustainable environmental management of forest and coastal areas.

**Regional Democracy**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
ESF	5,000	5,000	4,000

It is in the U.S. national interest to facilitate democratization in nations where it has been slower to take root or which are in a critical stage in their evolution towards full democracy. By helping groups and institutions that are working for more open and democratic government and the development of market-based institutions, the United States is also attacking one of the roots of terrorism, thus enhancing our own national security.

EAP Regional Democracy funds promote democratic institution building in key countries of East Asia and the Pacific where transition to democracy is in progress. Non-governmental organizations (NGOs), U.S.-based and Asian, as well as governmental agencies receive support in their efforts to build democratic institutions and set standards for good governance and transparency. Democracy funds may be used to further enactment and enforcement of legislation to develop civil society, labor rights, and improved governmental ability to adhere to a broad range of international standards.

FY 2002 funding was used to combat terrorism in the region by increasing transparency at all levels of government and by strengthening civil society organizations that advocate on behalf of human rights, the rule of law, and freedom of the press, religion and assembly.

As in FY 2003, in FY 2004 the Fund will again focus on combating the roots of terrorism in the region in part through support of governments seeking to develop or expand educational and economic opportunities in areas, many with majority Muslim populations, where such opportunities have been lacking. We will continue to work closely with The Asia Foundation and other well-established international NGOs to implement a balanced and effective strategy.



**Regional Security Fund**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Estimate	FY 2004 Request
ESF	250	250	250

Active participation in and support for multilateral approaches to regional security are important elements of U.S. Asia-Pacific security policy. The United States is 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 5-member Northeast Asia Cooperation Dialogue (NEACD), a non-governmental (Track II) group. In addition, the United States is a Dialogue Partner and strong supporter of the Association of Southeast Asian Nations (ASEAN). 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 United States 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, and thereby supporting U.S. security and economic interests in the region.

Multilateral security diplomacy is in its infancy in Asia. The ARF and NEACD date from the mid-1990s. With the exception of ASEAN, most regional groups do not have an institutional character (permanent headquarters) or organs (i.e., standing councils or secretariats). Rather, they serve as fora for inter-governmental or mixed governmental and non-governmental gatherings. Programs are sponsored by participants under the rubric of the organization, not by the organization itself. In FY 2004, one objective of Regional Security funds will be to 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., piracy and related maritime security threats) challenges for officials from ARF countries will be emphasized.

A second objective will be to promote the development of multilateral institutions themselves. The ARF has begun to develop the tools of preventive diplomacy in order to make a more tangible contribution to regional security. In FY 2003, the ARF began 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 2004, the Fund will support the continued movement of the ARF in this direction. ASEAN also looks at regional security issues, and the ASEAN Secretariat can be an important tool of multilateral diplomacy. The PIF is increasing regional cooperation to improve the ability of the Pacific Island member states to respond to trans-national challenges, such as drug trafficking, money laundering, and terrorism.

Finally, Regional Security funds could also be used to support the development of multilateral diplomacy in situations where regional institutions may be unable to engage effectively. Track II organizations, such as NEACD and the Council for Security Cooperation in the Asia-Pacific (CSCAP) can provide channels for these activities; they may also be proposed as U.S. national projects. Activities such as programs for Asian officials on the regional security implications of and possible responses to specific ethnic or religious conflict or repression of minority and political rights could be an area for project support. Funds could be used to support common political action agreed by groups of states in response of security challenges, such as the dispatch of special envoys or mediators. Funds could also be used more broadly in support of multilateral efforts to combat terrorism.

These efforts contribute to the gradual development of more functional multilateral institutions that can actively bring resources to bear on the resolution of regional issues. The creation of such tools will promote U.S. interests by enhancing regional stability and respect for international norms for interstate relations.

**Regional Women's Issues**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
ESF	4,000	4,000	3,000

The Regional Women's Issues Fund helps advance democracy and human rights by improving the status of women throughout East Asia and the Pacific (EAP). Improving the status of women leads to full enfranchisement of all citizens, higher educational levels for half the population, and a more skilled and healthier labor force. This strengthens the foundation for accomplishing other high priority goals.

The three objectives of Regional Women's Issues are to increase women's participation in the political process, eliminate violence against women in all its forms, and reduce the trafficking of women and children within and from the East Asian and Pacific region.

Economic Support Funds (ESF) were initially provided in FY 2000. In previous fiscal years, the funds concentrated on combating Trafficking in Persons (TIP). The State Department has compiled and submitted two annual Trafficking in Persons reports to the Congress in July 2001 and June 2002. In the 2001 TIP Report, four EAP countries (Burma, Cambodia, Indonesia and South Korea) were in the lowest category, Tier III (i.e., countries not making significant efforts to bring themselves into compliance with the minimum standards listed in the Trafficking Victims Protection Act of 2000; that law requires imposition of certain sanctions starting in 2003). In the FY 2002 TIP Report, three EAP countries (Burma, Cambodia and Indonesia) were in Tier III. Many other countries in EAP were in Tier II (i.e., countries that do not yet fully comply with the Act's minimum standards but are making significant efforts to bring themselves into compliance). Grants are awarded to results-oriented proposals aimed at moving these countries in the direction of better enforcement of laws and regulations for combating trafficking of persons, and better protection of and assistance to victims. In FY 2003, more emphasis will be placed on projects with regional scope, as trafficking in persons is also a transnational issue.

In FY 2004, the Regional Women's Issues Fund will focus on women's empowerment and the improvement of women's social status through increased participation in the political process. This approach will supplement Bureau of International Narcotics and Law Enforcement Affairs (INL) and other efforts to fight TIP problems in the region, as well as to help advance democracy and human rights in the region.

**South Pacific Fisheries**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
ESF	14,000	18,000	18,000

The 1988 South Pacific Multilateral Fisheries Treaty is a key component of our strong overall foreign relations with the Pacific Islands States and a model for others. It provides a solid foundation upon which the United States and the member states of the Pacific Islands Forum (known as the South Pacific Forum until October 1999) can cooperatively address the challenges of sustainable fisheries conservation in the South Pacific. This treaty, through positive multilateral cooperation, achieves profitable, sustainable management of fisheries resources, and ensures continued access for U.S. commercial fishing vessels to the Pacific Ocean tuna fishing areas.

Since the treaty came into force, our annual payment obligations under the treaty have ensured access to broad areas of the Pacific, including parts of the exclusive economic zones of the 16 governments which make up the Forum Fisheries Agency (FFA). This positive fisheries relationship, as well as a common desire to conserve fisheries resources in the South Pacific, has carried over into the ongoing multilateral negotiations for a conservation and management regime in the Central and Western Pacific, where we are cooperating closely with the Pacific Island States. The goal of these ongoing negotiations is to develop a mechanism to ensure that highly migratory resources in that region are not depleted.

The treaty with the 16 governments of the FFA has been extended for another ten years -- until 2013. The increased funding authority in FY 2003 enabled the United States to reach agreement to extend the agreement and avoid conflict over access to and management of highly migratory fisheries resources, thereby ensuring continued unimpeded access by U.S. commercial fishing vessels to highly productive fishing areas in the Pacific Ocean, pursuant to the treaty. Activities to support this treaty will continue in FY 2004.

## EUROPE AND EURASIA

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**Albania**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
FMF	4,000	5,000	4,000
IMET	866	900	975
NADR-EXBS	0	140	300
NADR-SALW	450	350	200
Peace Corps	0	1,227	1,467
SEED	35,250	28,000	28,000

U.S. assistance to Albania supports market-based economic reform, strengthens civil society and promotes democracy, enhances Albania's territorial integrity and security, contributes to regional stability (especially in Macedonia and Kosovo), and helps relieve human suffering. Albania's pivotal role in assuring regional stability in Southeastern Europe requires the continued engagement and support of the United States. In collaboration with our European partners, through the EU, NATO, and the OSCE, the United States will continue to reinforce and strengthen a process aimed at stabilizing Albania and bringing it into the Euro-Atlantic mainstream. A stable and prosperous Albania can do much to help the United States combat arms proliferation, organized crime, money laundering, and trafficking in humans and narcotics. U.S. relations with Albania advance U.S. interests by promoting economic reform, developing democracy, countering international terrorism and crime, stopping illicit trafficking in persons, narcotics and conventional weapons, assisting and protecting American citizens overseas, providing humanitarian relief, and addressing global environmental, population and health challenges.

In FY 2004, Support for East European Democracy (SEED) funds will continue to nurture a small but growing economy that is simultaneously making the transition to a free market while recovering from civil strife in 1997 and the effects of the Kosovo crisis in 1999. SEED programs help strengthen an agricultural sector that accounts for more than half of output and about 70 percent of the workforce, as well as an enterprise sector dominated by micro-businesses. SEED programs accordingly target problems afflicting every type of economic activity in Albania: an extremely poor infrastructure, crippling energy shortages, and a sometimes corrupt judicial system. SEED assistance also supports the private sector with programs that promote banking sector reform, capital market development, the availability of micro-credit, and the work of the Albanian-American Enterprise Fund.

Domestically, combating terrorism, organized crime, trafficking in persons, and corruption remain major Albanian government priorities. SEED programs, as a consequence, support a range of projects that provide anti-trafficking, counter-narcotics and anti-organized crime training, and strengthen Albanian government law enforcement capabilities through the training of Albanian police, prosecutors, and judges. In FY 2004, we will continue to fund anti-trafficking programs in Albania at a high level, including through an international donor consortium, upgrading controls at three major air and sea transit ports and computerizing border check points.

Fostering a solid democratic basis of government remains a major SEED priority in Albania. SEED programs will continue to encourage respect for human rights in Albania's domestic political institutions and help develop a viable civil society. SEED funds will continue to support such initiatives as: the Democracy Commission, which gives small grants to non-governmental organizations (NGOs); the International Visitor Program, which brings future leaders to the United States; the Ron Brown program, which provides graduate scholarships in law and economics; training for journalists; civic education

programs; and English teaching programs. We will also work to solidify the rule of law under Albania's constitution and promote the growth of a viable NGO sector in coordination with international partners.

Foreign Military Financing (FMF) funds will continue to support the completion of the modernization of the Albanian Armed Forces (AAFs) by 2010. FY 2004 funds will assist in the transformation of the AAFs, i.e., costs of downsizing and professionalization, in accordance with the Republic of Albania's Defense Assessment (IAW) prepared by the Office of the Secretary of the Defense and the Republic of Albania Defense Modernization Team. The AAFs' ten-year plan end result is an Objective Force of 16,500 personnel that is a contributing NATO member and EU aspirant country. One focus for FY 2004 FMF will be the continuation of the Ministry of Defense (MOD) defense modernization efforts that will enable the AAFs to more effectively contribute to the stability in the Balkans and support the war on terrorism by reducing, restricting, or eliminating the transnational terrorist threat. An in-country English Language Training (ELT) (with a focus on, but not restricted to, the General Staff, the Rapid Reaction Brigade, Commando Regiment, and Special Forces Battalion) will promote the eventual NATO interoperability of General Staff and military units that can assist with war on terrorism. FMF will facilitate the interoperability of the AAFs with NATO secure voice and data network systems by 2010 by implementing the five-year Office of the Secretary of Defense (OSD) Navigational Aids (NAVAIDS)/Command, Control, Communications, Computers and Information (C4I) study. Finally, the purchase of ammunition incinerators will help eliminate the AAF's 200,000 tons of excess ammunition, which will directly reduce the chances for excess ammunition ending up in the hands of international terrorist or international drug and human traffickers; eliminate the potential of an environmental disaster which might occur due to ammunition instability or sabotage; and contribute to regional Balkan stability.

Albania's FY 2004 International Military Education and Training (IMET) program will continue to provide field and company officers with the training and related English language instruction necessary to function effectively in a modern, professional military, as well as to enhance Albania's ability to participate alongside NATO forces in crisis response operations, in Partnership for Peace (PFP) exercises, and other activities.

Albania will be eligible in FY 2004 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Transfer of EDA will assist Albania to meet its defense requirements and further promote interoperability.

As part of its efforts to prevent the proliferation of weapons of mass destruction, their delivery systems, related technologies, and other weapons, the United States provided 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 Albania. FY 2004 NADR EXBS funding is provided for basic equipment and training to assist in developing and strengthening export control laws and regulations and improving enforcement capabilities.

Albanian authorities continue their program of weapons collection. Over 100,000 weapons have been destroyed over the past three years through the combined assistance of the United States, Norway, and Germany, enhancing regional stability and preventing leakage into Kosovo and Macedonia. Together with several of our NATO allies, the United States is using FY 2004 NADR Small Arms/Light Weapons (SALW) funds to support the destruction of over 5,000 tons of poorly secured ammunition through the Euro-Atlantic Partnership Council/Partnership for Peace (EAPC/PfP) Trust Fund project.



**Armenia**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
FMF	4,000	3,000	2,500
FSA	90,200	70,000	49,500
IMET	75	750	900
NADR-EXBS	600	1,850	1,000
NADR-HD	1,200	750	0
P.L. 480 Title II	911	0	0
Peace Corps	1,417	1,535	1,685

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 and nonproliferation assistance and cooperation with Armenia is increasingly important in the aftermath of September 11 to prevent weapons and other illicit trafficking and the spread of weapons expertise. Armenia has supported Operation Enduring Freedom by offering its cooperation, including landing rights, medical assistance, and information sharing.

Achieving a durable and mutually acceptable resolution to Armenia's conflict with Azerbaijan over Nagorno-Karabakh is key to several U.S. interests. A durable peace settlement would eliminate a major cause of instability in the Caucasus region. It would facilitate Armenia's economic cooperation with its Caucasus neighbors and remove a major impediment to normal relations between Armenia and Turkey. Peace would free Armenia to concentrate more of its political energy and economic resources on domestic reforms and development and on improving the social well being of its citizens.

U.S. assistance to Armenia supports private sector development, economic and energy reform, democracy and good governance, social sector reform, education, and agriculture. Humanitarian programs seek to ease the plight of a country in transition that carries the additional burdens of natural disaster (e.g., the 1988 earthquake) and regional conflict. Our 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.

FREEDOM Support Act (FSA) assistance helps to mitigate difficult living conditions for Armenian citizens who lost their homes and sources of income during the devastating earthquake of 1988, those affected by the conflict over Nagorno-Karabakh, and various other needy groups, such as orphans and the elderly. Programs to address housing shortages in the earthquake zone have proven extremely effective and have led to significant improvements in conditions in Gyumri and the surrounding area. Other programs support Armenian efforts to provide health care for disadvantaged citizens and improve health management education.

Armenia is continuing its efforts to improve its business climate, increase investment and create jobs. Armenia was invited to join the World Trade Organization in December 2002. FSA-funded programs will continue to focus on developing and marketing Armenian agricultural products. At the macro-level, U.S. Treasury advisors will provide expertise in improving revenue collection and reducing budgetary deficits, insuring that the government will be able to maintain good relations with international financial institutions. Technical advice also will help the Armenian Government improve government audit practices, thereby

helping 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 in the information technology and tourism sectors.

The Armenian government has continued on a path toward normalizing democratic practices, but poor economic conditions and regional instability could jeopardize this progress. Strengthening democratic institutions and providing educational and informational links with the West help to counter Armenia's isolation. FSA democracy assistance programs are working with government agencies and non-governmental organizations (NGOs) to improve election laws and procedures. 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 public interests and strengthen civil society.

In FY 2004, exchanges, training and partnership programs of the Bureau of Educational and Cultural Affairs previously funded through FSA will receive funding through the Educational and Cultural Exchanges (ECE) account. This includes training programs and the provision of Internet access and curriculum development to Armenian schools. 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 Metamor nuclear power plant. FSA-funded programs will continue to improve the near-term operational and physical safety of the plant. Rationalizing and privatizing the energy sector and finding alternative sources of energy will be key to Armenia's ultimate closure of Metamor.

The waiver of Section 907 of the FSA in FY 2002 allowed the United States to provide security assistance to Armenia, which was previously withheld because of the policy of even-handedness between Armenia and Azerbaijan. Modest International Military Education and Training (IMET) was provided to both Armenia and Azerbaijan in FY 2003. The FY 2004 budget proposes an increase in funding to increase opportunities for Armenian military members to attend U.S. military professional education. Expanded IMET will facilitate Armenia's defense reform efforts through education in civil-military relations, defense resource management, and rule of law. The FY 2004 budget also proposes a continuation of the Foreign Military Financing (FMF) to Armenia initiated in FY 2002. FMF funding will allow Armenia to acquire U.S. defense equipment necessary to ensure interoperability for effective participation in NATO and other coalition and peacekeeping operations. IMET and FMF programs with the Armenian Government will continue to focus on professional military education, the establishment of a peacekeeping capability in the Armenian military (first in the area of interoperable communications), and modernization of the Armenian military communications structures to enhance air-space management and safe response.

Armenia will be eligible to receive grant Excess Defense Articles (EDA) in FY 2004. Provision of grant EDA 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 weapons of mass destruction (WMD) and related technologies proliferation, other weapons trafficking, and in fighting transnational crime. It has taken several steps to strengthen its export controls and border control systems. U.S. Export Control and Related Border Security Assistance (EXBS) programs funded under the FSA and the Nonproliferation, Anti-terrorism, Demining, and Related Activities (NADR) accounts are providing equipment and training assistance to customs, border guard, and other law enforcement and border security authorities to improve their export and border control capabilities to deter, detect, interdict, and prevent weapons proliferation. EXBS has provided Border Interdiction Training in the United States to Armenian Customs and Border Guards. U.S. programs also help Armenia fight narcotics trafficking and financial crimes that threaten U.S. security.

U.S. law enforcement agencies, working through the State Department's Bureau of International Narcotics and Law Enforcement Affairs, provide training to increase Armenia's capacity to fight international crime, corruption, and narcotics trafficking and to improve human rights practices in criminal justice institutions. Our assistance in this area has resulted in a forensics-training program and improved information management by Armenian law enforcement and judicial agencies. Funding is planned for continuation of these programs and for additional programming in activities to combat trafficking in persons. Other U.S. programs funded through FSA and NADR also promote the participation of former Soviet weapons scientists in peaceful research projects supported by the International Science and Technology Center (ISTC), the Biotechnology Engagement Program (BTEP) and the U.S. Civilian Research and Development Foundation (CRDF).

**Azerbaijan**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
FMF	4,000	3,000	2,500
FSA	43,510	46,000	41,500
IMET	377	750	900
NADR-EXBS	500	1,850	1,500
NADR-EXBS-ERF	3,000	0	0
NADR-HD	1,380	1,380	1,800
P.L. 480 Title II	2,239	0	0
Peace Corps	0	1,223	1,402
PKO	1,000	0	0

U.S. national interests in Azerbaijan center on our strong bilateral cooperation in the war on terrorism, the advancement of U.S. energy security and progress in free market and democratic reforms. Azerbaijan's shared border with Iran and its long-standing conflict with Armenia means that its internal stability has a direct bearing on regional stability. The involvement of U.S. firms in the development and export of Azerbaijani oil is key to our objectives of diversifying world oil supplies, promoting U.S. energy security and U.S. exports. Azerbaijan has supported the war on terrorism by offering crucial law enforcement and intelligence cooperation, blanket overflight rights, the possible use of bases, and the deployment of a platoon to the International Security Assistance Force in Afghanistan.

U.S. assistance to Azerbaijan enhances its ability to prevent the proliferation of weapons of mass destruction (WMD), weapons technology, expertise and conventional arms, and encourages efforts to halt transshipment of narcotics across its borders. Humanitarian programs through the delivery of commodities, principally food, medicine, and medical supplies, seek to ease the plight of the disadvantaged and displaced and to avert crises, while democracy programs seek to strengthen civil society in Azerbaijan. In FY 2004, the United States plans to focus assistance to the government of Azerbaijan (GOAJ) on economic development, judicial and law enforcement reforms to combat drug smuggling and terrorism, redirecting WMD scientists towards peaceful endeavors, and strengthening export controls and border security.

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, largely related to the energy sector, other areas of the economy remain underdeveloped and unemployment is high. Spillover effects from the energy sector to other sectors of the economy have not yet occurred. The agricultural sector, which has the potential to employ many people, is mired in low productivity. Recently privatized farms are small and lack reliable access to inputs, water, equipment and finance. Complex regulations, corruption and underdeveloped financial systems have hampered private business development. U.S. assistance under the FSA in FY 2004 will focus on accelerating growth and development of private small and medium enterprises in agriculture and other targeted areas. Training opportunities will focus increasingly on economics and business development. In addition, the U.S. government will continue to work with Azerbaijan on oil development and to support American companies through OPIC, EXIM, and Trade and Development Agency (TDA) activities.

While Azerbaijan has made some progress towards the creation of a democratic system of government, significant problems remain in the areas of media freedom, human rights, and free and fair elections. In FY 2004, the United States will continue to promote the development of democratic institutions and civil

society in Azerbaijan. FREEDOM Support Act-funded assistance to the government will focus on programs that promote the development of the rule of law. The United States will also continue programs to assist non-government organizations, political parties and the media to help them articulate effectively public interests and strengthen civil society. These efforts will be particularly critical in the run-up to the presidential elections scheduled for fall 2003. Helping the Government of Azerbaijan fight trafficking in persons also will be a priority in FY 2004. In FY 2004 exchanges, training and partnership programs of the Bureau of Educational and Cultural Affairs previously funded through FSA will receive funding through the Educational and Cultural Exchanges (ECE) account. This includes Internet access and training programs and the provision of Internet and curriculum development to schools in Azerbaijan.

In the past, U.S. assistance to Azerbaijan has been severely constrained by Section 907 of the FREEDOM Support Act (FSA), which restricted U.S. assistance to the program areas of nonproliferation, humanitarian assistance and democratization. Activities by Export Import Bank (EXIM), Overseas Private Investment Corporation (OPIC), and Foreign Commercial Service also were permitted. The Presidential waiver of Section 907 of the FSA in 2002 opened the door to new and deeper engagement with Azerbaijan. Assessments conducted in early 2002 resulted in the provision of new technical assistance in FY 2003 by the Department of the Treasury, the U.S. Customs Service, and the State Department's Bureau of International Narcotics and Law Enforcement Affairs. Law enforcement assistance to the GOAJ planned for FY 2004 includes training for police, prosecutors, lawyers and judges; development of law enforcement data information management systems; provision of counter-narcotics training; and development of a modern forensics laboratory system.

The Department of Defense conducted its first-ever bilateral working group with Azerbaijan from March 26-27, 2002. The U.S.-Azerbaijan Bilateral Defense Consultations shaped the bilateral plan for enhanced assistance and established three primary areas of concentration for military cooperation: maritime security, airspace management, and interoperability with NATO and International Forces.

The FY 2004 budget proposes a continuation of security assistance begun in FY 2003. The United States plans to continue to provide equipment, services and training, through the Foreign Military Financing (FMF) and International Military Education Training (IMET) Programs, to assist in military reform, increase interoperability for peacekeeping and other coalition operations, and expand professional military education opportunities for Azerbaijani military officers in U.S. military schools. FMF will provide tactical communications and other NATO-compatible defense equipment in support of Azerbaijan's increased role in international security. Peacekeeping assistance funds will continue to support the establishment of a peacekeeping unit interoperable with NATO and international forces. In accordance with current restrictions, assistance provided under these programs will not be usable for offensive purposes against Armenia, will not affect the military balance between Armenia and Azerbaijan, and will not undermine or hamper ongoing efforts to negotiate a peaceful settlement between Armenia and Azerbaijan. Azerbaijan will be eligible to receive grant Excess Defense Articles (EDA) in FY 2004. Provision of grant EDA could be used to improve Azerbaijan's maritime border security and law enforcement capability to support nonproliferation goals.

The United States and Azerbaijan have a mutual interest in addressing the serious dangers posed by potential trafficking in WMD, associated delivery systems, materials, technologies, conventional arms and weapons expertise in Azerbaijan. The GOAJ has demonstrated its commitment to nonproliferation by intercepting shipments of concern. The United States has responded with an expanding program of assistance under the Export Control and Related Border Security Assistance (EXBS) program funded through the FSA and the Nonproliferation, Anti-terrorism, Demining, and Related Programs (NADR) accounts that will be continued in FY 2004. EXBS provides equipment to support the technical capacity of Customs and the Border Guards, including x-ray machines, radios and generators. EXBS assistance funded by the State Department is delivered through other U.S. agencies, including the U.S. Coast Guard (USCG)

and the U.S. Customs Service (USCS), both of which have resident advisors in Baku to implement an integrated land and maritime nonproliferation support program. United States security assistance will also continue to redirect former Soviet WMD scientists to peaceful research through the Science Centers and Civilian Research and Development Foundation programs.

Landmines pose a significant danger in Azerbaijan to people, productivity, and socio-economic development. Through mine clearance and mine awareness efforts, NADR Humanitarian Demining (HD) funds will be used to save lives and create conditions for the return of displaced persons and refugees and for increased economic growth and productivity.

**Belarus**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
FSA	10,572	9,500	8,000

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 consequent 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 further isolated Belarus from its neighbors who are converging toward democratic and economic reform and who increasingly see Belarus' backwardness as an obstacle to their progress. 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 Iraq and other 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 through strengthening of the political process, and development of civil society, media, and small and medium enterprises.

In FY 2004, we seek to continue to fund programs under the FREEDOM Support Act (FSA) that will 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. We also seek to continue to provide support to Belarus' besieged independent media, including material and technical support to journalists and editors who are struggling to keep their publications open in the face of continued harassment by the regime and competition from government-subsidized state media. With parliamentary elections scheduled for 2004, activities will seek to foster an environment for the emergence of democratic-oriented leaders, including helping parties develop effective campaigning skills and credible NGO election monitoring networks.

Opportunities to encourage economic reform through FSA assistance programs are severely circumscribed in Belarus. The election of the current president in 1995 froze economic liberalization and structural reform in Belarus. The country has largely retained a centrally planned economy, with most large-scale enterprises still in government hands and barter trade remaining one of the primary means of commerce. Indeed, the Russian Federation has linked further assistance to Belarus to specific economic reforms, which the regime has yet to adopt. Modest FSA economic assistance programs have concentrated on supporting small and medium enterprises, and developing business associations for lobbying and advocacy. Any further programs in FY 2004 will continue to focus on these areas.

Targeted U.S. humanitarian assistance financed through FSA is provided through NGOs directly to assist the most vulnerable of the people in the region. NGOs receiving U.S. support also work to address public health concerns, including tuberculosis, hepatitis, HIV/AIDS and women's wellness and infant care. In FY 2004, exchanges, training, and partnership programs of the Bureau of Educational and Cultural Affairs previously funded through FSA will receive funding through the Educational and Cultural Exchanges (ECE) account.

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.

**Bosnia and Herzegovina**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
FMF	2,250	2,500	2,000
IMET	800	900	900
NADR-EXBS	0	30	600
NADR-SALW	0	0	200
PKO	20,022	17,500	11,800
SEED	65,005	50,000	44,000

The 1992-95 war in Bosnia and Herzegovina (BiH) devastated the country's human and physical infrastructure and threatened both European stability and the cohesion of the NATO alliance. The United States led the negotiations that resulted in the 1995 Dayton Peace Accords ending the conflict in BiH. Today, the United States plays a critical role in the Dayton peace implementation process – the framework for building a multi-ethnic, democratic Bosnia. A peaceful and stable BiH that respects international human rights and adheres to the rule of law is critical to the peace and the future prosperity of Southeast Europe and is, consequently, in our national interest.

A U.S. general officer commands the NATO-led Stabilization Force in Bosnia, which provides a safe and secure environment for implementing the Dayton Peace Accord. The United States also is deeply engaged in building Bosnian institutions -- including effective local and State police forces and a State Border Service -- that will increasingly enable the country to secure its borders and fight terrorism, crime and the trafficking of persons, drugs and other contraband. At the same time, continued U.S. efforts to promote investment and sustainable economic growth in Bosnia serve not only to make BiH's transition to democracy more sustainable, but also to promote the U.S. strategic goals of economic development and global growth and stability. U.S. assistance and policy in BiH are targeted to full implementation of the Dayton Peace Accords, promotion of democratization through the development of democratic institutions and respect for human rights, and the promotion of trade and economic growth. U.S. assistance in all areas helps leverage the funds of other donors, whose combined efforts far exceed the U.S. contribution.

In 2004, the Support for Eastern European Democracy Act (SEED) program in BiH will continue to strengthen indigenous institutions and the central State, move Bosnia further down the path to European integration and help Bosnians take ownership of their institutions and country. U.S. assistance is geared to support humanitarian, economic, democratization and rule of law programs. We will fund technical assistance to small and medium-sized enterprises, work to remove barriers to investment and economic growth, and strengthen the standards of corporate governance. We will also help build advocacy institutions that will advance the interests of the private sector. By assisting in the development of regional government treasuries we will improve governments' ability to budget and manage scarce resources. U.S. assistance programs will also support non-governmental organizations (NGOs) and non-profit organizations through a small grant program and other capacity-building initiatives, build more democratic and responsive legislatures and political parties, professionalize the police, and advance reform of the legal and judicial systems.

The requested FY 2004 Peacekeeping Operations (PKO) funding includes support for the mission of the Organization for Security and Cooperation in Europe (OSCE) in BiH and the Office of the High Representative in Bosnia to promote civil implementation of the Dayton Peace Accords. The OHR in Bosnia is an international, civilian organization created by the Dayton Accords to implement civilian aspects of the peace agreement and related tasks assigned to it by the Peace Implementation Council (PIC)



Steering Board. The United States is a PIC Steering Board Member contributing 22% annually to the OHR Operating Budget. We cover the security detail costs for OSCE senior Mission representatives. Remaining funds cover the U.S. annual OSCE Bosnia Mission voluntary assessment of 13.57%. The civilian OSCE Mission in BiH carries out work which is crucial to the U.S. objective of advancing democracy, democratic institutions and respect for human rights in BiH – work which also contributes substantially to stability and security in the region. Specifically, the Mission plays a major role in the creation of a stable, peaceful BiH through promotion of democratic values, monitoring and furthering the development of human rights, as well as implementing arms control and confidence and security-building measures. The Mission has organized and supervised all of BiH's post-Dayton elections, until it relinquished that responsibility to local authorities for the October 5, 2002 general elections. In addition to the U.S. portion of the OSCE Mission assessment, PKO funds support U.S. personnel seconded to the OSCE as well as the U.S. Ambassador who currently heads the OSCE Mission.

Foreign Military Financing (FMF) funds contribute to United States national security by promoting peace and stability in Bosnia as well as in the Balkans as a whole. Under the Train and Equip program, the United States supplied surplus defense articles and defense services to the Federation Army (VF) to help establish military stability in BiH and deter renewed hostilities. The Train & Equip program and the presence of NATO-led military forces succeeded in this goal and concluded in November 2002. However, new possibilities for enhanced strategic stability have opened which, if seized, can help create the conditions for an eventual end to the current NATO-led peacekeeping mission by moving beyond simply deterring renewed hostilities to creating a defense structure for Bosnia that supports long-term stability. In 2001, Croatia terminated financial support to the Croat component of the VF, and in February 2002, the Yugoslav government ceased financing support to the Army of the Republika Srpska (VRS). In addition, both the VF and the VRS are undergoing substantial downsizing. The reductions will continue with U.S. support. These changes permit the United States to transition FMF and other security assistance toward more conventional programs aimed at developing a State dimension of defense for Bosnia and Herzegovina. FMF funding in FY 2004 will be used to strengthen State defense by downsizing and professionalizing the militaries in BiH and stressing a unified command structure, compatibility with NATO and eligibility for NATO's Partnership for Peace (PfP) program. The Standing Committee on Military Matters (SCMM) will benefit from programs dedicated to developing a functioning staff that will form the core of a State-level military institution. Improved civil-military relations and democratization will be key. We will also support the formation of a Southeast Europe regional Staff College to cultivate stability, democracy and military professionalism.

Bosnia's International Military Education and Training (IMET) program will contribute to regional stability by helping to develop officers and non-commissioned officers (NCOs) working in the State defense establishment. IMET funds will be used to provide training with emphasis on junior officer professional development (Army basic and advanced courses), staff training for mid-level officers (service staff colleges), and Expanded IMET (E-IMET) courses for mid- to upper-level officials in the defense sector. As an incentive for Bosnian Serbs, we intend to provide them training to facilitate their fuller participation in the SCMM.

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.

With Nonproliferation, Anti-terrorism, Demining, and Related Programs (NADR) and International Trust Fund monies, the United States has provided substantial demining assistance to Bosnia since 1996. FY 2002 and FY 2003 International Trust Fund monies supported demining and other mine action projects. The sites were high priority projects defined by the Bosnian national mine action center that promote refugee and internationally displaced person returns, social reintegration, and infrastructure rehabilitation.

Additionally, with NADR FY 2004 funds, the United States will provide increased NADR Export Control and Related Border Security (EXBS) assistance funds for an active cooperative program to assist BiH in establishing an effective export control system. These funds are provided for basic equipment and training to assist in developing and strengthening export control regulations and improving border enforcement capabilities. 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.

Eight years after the Dayton Accords, BiH is consolidating and drawing-down the two entity forces. The resulting of small arms/light weapons (SALW), estimated to be in the hundreds of thousands, poses a threat to continued stabilization of the country and the region. FY 2004 NADR SALW funding will be used to support destruction of SALW, as a concrete contribution to rebuilding and stabilizing BiH.

**Bulgaria**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
FMF	8,500	9,500	8,500
IMET	1,212	1,350	1,350
NADR-EXBS	410	730	500
NADR-SALW	980	0	200
Peace Corps	2,158	2,744	3,040
SEED	34,100	28,000	28,000

Bulgaria's transition to a market-oriented, democratic society, which was started thirteen years ago, has yet to be fully achieved. After serious setbacks during the 1997 economic crisis, U.S. assistance has become key to building new infrastructure to support further progress. Bulgaria has assumed a leadership role in promoting political and economic stability in the Southeastern Europe region in various cooperative organizations and in 2001-2002 held a non-permanent seat on the UN Security Council. Bulgaria showed itself to be a steadfast supporter of U.S. interests during the 1999 war in Kosovo. U.S. military action has received the continued backing of the Bulgarian government for 2002-03 activities in Afghanistan and Iraq. Bulgaria was invited to join NATO in 2002, and is in the process of reorganizing its defense establishment. Bulgaria aspires to be invited to join the EU in 2007, and is serving as the Coordinator of OSCE activities in 2003. Given Bulgaria's strategic importance to the United States, we will continue in 2004 to signal our support by carrying through on assistance programs that target those areas of civil security and market reform that are key U.S. priorities. These program areas, on which no other donor focuses, have had great resonance, although much work remains: rule of law, anti-corruption, economic restructuring, including privatization of state enterprises, pension reform, fiscal decentralization, and municipal governance.

Recent opinion polls reflect growing public dissatisfaction with Bulgaria's political leadership and its inability to reduce the levels of poverty and unemployment, increase wages, and improve the health and pension systems. After the June 2001 parliamentary elections, deposed King Simeon Saxe-Coburg became Prime Minister on a reform platform. Disappointed in the Saxe-Coburg government's handling of the economy and its inability to cope effectively with mounting social hardships, voters opted for Socialist leader Georgi Purvanov in the November 2002 presidential elections. Although Bulgaria has made progress on broad economic and political reforms, these gains have not yet filtered down to the general citizenry in the form of more jobs and a higher standard of living.

Support for East European Democracy (SEED) assistance in FY 2004 is designed to improve civil security, strengthen border controls, and reform the judiciary and court systems. Expanded anti-corruption and rule of law programs, including support of non-governmental organization (NGO) involvement, has resulted in increased transparency and accountability at all levels of government. We will continue to focus on programs to strengthen local governments, promote fiscal decentralization and help modernize the municipal budget process. Our efforts on economic reform focus on reforming the banking sector, enforcing the commercial regulatory framework, and helping companies with export earnings potential in the agricultural, light manufacturing, information technology and tourism industries. Additional programs are designed to improve the regulation, management and sustainability of pension, health and other social insurance funds, overcome barriers to formal sector employment through tripartite dialogue and decision-making, legislative reform and training for displaced (including military) workers, and promote increased inclusion of and tolerance toward women, minorities, and other vulnerable groups in society. The U.S. Embassy in Sofia, Bulgaria has developed a graduation plan for Bulgaria that focuses U.S. assistance on these programs. A three-year U.S. pledge for \$28 million annually will fund this transition plan to secure

stronger government and broader economic opportunity. With such a plan in place, Bulgaria will be ready to graduate from SEED assistance in FY 2007, with the last year of new funding in FY 2006.

One of the original twelve Eastern European countries slated for eventual membership in the European Union, Bulgaria signed a Europe Agreement in 1993 to launch the process and in 2000, formally began negotiations. However, given Bulgaria's laggard economic performance, the timetable for actual accession remains elusive and Bulgaria was passed over in the last round of EU expansion. Bulgaria aspires to be invited into the EU in 2007. The EU has given Bulgaria a roadmap to this effect.

As part of our efforts to prevent 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 Bulgaria. NADR EXBS funding in FY 2004 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.

A source for gray market small arms/light weapons (SA/LW) transfers to almost every conflict zone in the world, Bulgaria is struggling to control the proliferation of its enormous surplus, a result of its military drawdown and Cold War legacy as one of the largest Warsaw Pact arms producers. Partnering with other donors through the Stability Pact, we intend to continue our support of small arms/light weapons and ammunition destruction in FY 2004 with NADR SALW funds.

Foreign Military Financing (FMF) is key to helping Bulgaria rationalize and modernize its armed forces in view of its new NATO membership. FY 2004 funds will promote defense reform along Western democratic lines. The majority of funds (\$6 million) will be devoted to upgrading Communications Information Systems (C4I) to achieve full interoperability with NATO systems. This will allow Bulgaria to be a viable partner in regional stability through participation in peacekeeping and crisis operations. FMF will improve coordination between the General Staff and Ministry of Defense with the continuation of defense modernization efforts. This will facilitate more efficient and productive interagency interaction. Purchasing night vision devices for peacekeeping and crisis reaction forces will ensure that deployable forces are able to interact with partners under all conditions. Finally, FMF will fund simulation equipment that will be used at regional training installations. This equipment assists resource-constrained units, allows other resources to be freed to focus on modernization, and helps to maintain force readiness and deployability.

International Military Education and Training (IMET) will continue to provide critical support to the Bulgarian armed forces as the government continues with its reorganization program and will be instrumental to its success. IMET funding in FY 2004 includes training for Non-Commissioned Officers and for officers in professional military training, civilian/military relations and national security affairs. IMET training is geared towards the development of Bulgaria's Rapid Reaction Force, familiarizing Bulgaria with U.S. methods of combating terrorism, improving the English language proficiency of the Bulgarian Armed Forces, streamlining C4I, and providing management training.

Bulgaria will be eligible in FY 2004 to receive grant Excess Defense Articles (EDA) under section 516 of the Foreign Assistance Act. The transfer of EDA will assist Bulgaria in meeting defense requirements, enacting defense reforms and furthering interoperability.

**Croatia**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
FMF	5,000	6,000	5,000
IMET	593	700	800
NADR-EXBS	40	90	750
PKO	2,900	2,300	900
SEED	44,000	30,000	25,000

Croatia's successful transition from communism and the legacy of ethnic war is key to the U.S. policy goal of regional stability in the Balkans. Managing that successful transition serves important American interests including fighting terrorism, crime, trafficking and other transnational threats, and creates a more secure and attractive climate for U.S. business.

U.S. assistance has contributed to accelerated democratic and economic reforms in Croatia to date. The Croatian government has made significant progress since its election in 2000. However, it remains fragile in the face of major economic and political challenges. Continued assistance is crucial to support Croatia's transition and critical U.S. policy interests in the region.

From the late 1990s until the elections in 2000, Support for East European Democracy (SEED) programs in Croatia focused on democracy-building activities: technical assistance to local governments, political parties, labor unions, media and non-governmental organizations (NGOs). The 2000 elections of a reform-oriented government opened the door to further U.S. support for economic reform activities (which had to be suspended under the Tudjman regime) which have helped the moderate leadership to take meaningful steps toward macroeconomic stability. SEED assistance will continue to promote a competitive private sector by focusing on small business and employment in agriculture and agribusiness.

SEED programs will continue to provide essential funding to 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). Specifically, U.S. assistance focuses on more effective citizen participation, improved law enforcement and governance, and support for 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. The United States has also put special emphasis on creating opportunities for refugees to return and assisting them in that process. SEED-funded programs administered by USAID have restored basic utilities and community services. They will continue to promote economic revitalization activities in partner municipalities in 2004.

Other donors, including the International Financial Institutions, and the European Commission, continue to consider the special advantages of the U.S. assistance program in Croatia to be vital to preparing the ground for launching and sustaining their own programs. For example, the SEED program is assisting Croatia's Ministry of Finance to improve its debt management and procurement offices. This will complement and lay the groundwork for the European Union's fiscal reform program to be launched in 2004.

The United States also expects to allocate Peacekeeping Operations funds (PKO) in FY 2004 for continued support of the Organization of Security and Cooperation in Europe (OSCE) Mission in Croatia. PKO funds will cover our annual OSCE Croatia Mission voluntary assessment of 13.57%.

In FY 2004 Foreign Military Financing (FMF) funds for Croatia will support force modernization and interoperability with the Partnership for Peace (PfP) and NATO. A portion of the FMF funds will support

Croatia's efforts to upgrade its communications capabilities and strengthen Croatia's ability to participate in PfP/NATO/coalition operations. FMF will also assist Croatia in creating an Air Sovereignty Operations Center, in integrating Croatian Air Force FPS-117 radars with Croatian Navy Peregrine coastal surveillance radars, and in developing an integrated Command and Control structure capable of interacting with the integrated NATO air defense structure.

International Military Education and Training (IMET) funds will continue to provide Croatian armed forces with the training and related English language instruction necessary to function effectively in a modern, professional military. IMET training will also enhance the professionalism of the Croatian armed forces and expose them to Western military doctrine. Expanded IMET will allow both military and civilians to receive education in the areas of civil-military relations and defense resource management.

In FY 2004, Croatia will again be eligible to receive grant Excess Defense Articles (EDA) under Section 516 of the Foreign Assistance Act. The transfer of EDA will help Croatia meet defense requirements and enhance Croatia's ability to participate alongside PfP/NATO forces in crisis response operations and other activities.

As part of its efforts to prevent the proliferation of weapons of mass destruction, their delivery systems, related technologies, and other weapons, the United States will provide Croatia with FY 2004 Nonproliferation, Anti-terrorism, Demining, and Related Programs (NADR) funds. NADR Export Control and Related Border Security (EXBS) assistance funds will assist Croatia in establishing an effective export control system. FY 2004 EXBS assistance funds have been increased to provide basic equipment and training to assist in developing and strengthening export control laws/regulations and improving border enforcement capabilities.

**Cyprus**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
ESF	15,000	15,000	7,500
NADR-EXBS	55	260	300

The United States has a longstanding interest in facilitating a comprehensive settlement on Cyprus. Because Cyprus issues involve NATO Allies Greece and Turkey, they 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 2004, Economic Support Funding (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;
- providing opportunities for multi-sectoral contacts to increase the number of stakeholders in the solution; and
- promoting tolerance and mutual understanding among individuals, businesses and groups.

Most of the funding requested will be used to support bi-communal projects that promote institutional development and civil society. The remaining amount will be available for scholarships, short-term training, and other politically sensitive bi-communal 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 transshipment controls in Cyprus. U.S. funding in FY 2004 will continue to focus on effective enforcement procedures and capabilities through training as well as the provision of equipment.

**Czech Republic**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
FMF	10,000	11,000	10,000
IMET	1,800	1,900	1,900
NADR-EXBS	200	400	0

Assistance from the United States contributed to the Czech Republic's development into a democratic, free market-oriented NATO ally. As host of the 2002 NATO Summit, the Czech Republic has cooperated with the United States and other Allies on joint combat air patrols and other extraordinary protocol and security issues. The Czech Government, including the small but effective Czech Army, has proven to be a stalwart partner in the fight against terrorism. The Czech Republic operated a field hospital in Kabul during 2002, and continues to maintain a nuclear/biological/chemical defense unit in Kuwait. Most recently, the Czech Republic deployed a special forces unit to Afghanistan. It has also contributed to allied efforts in Bosnia and Kosovo. 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 2004 funds for this NATO ally will focus on English language proficiency, building a NATO-compatible and secure command and control system, improving survivability of forces, effective combat engagement, and supporting reform within the Czech armed forces. The United States supports 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, and provide a model for countries invited to accede to NATO at the Prague NATO Summit and in potential future enlargements. Robust 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. In spite of tough budgetary pressures and hard economic times, Czech authorities have managed to stay on target to increase defense spending as a percentage of GDP. U.S. assistance, in the form of FMF and IMET funds, will complement national resources.

Proposals for FY 2004 funds are aimed at improving Czech interoperability with NATO. They include:

- A secure command and control system to support commanders and staff at all levels, including the purchase of various interoperable, tactical voice and data radios, specialized networking hardware and infrastructure, and cryptographic equipment.
- Continuation of contracted logistics support for the operation of the Air Sovereignty Operations Center and the procurement of a system and hardware to modernize connectivity and integration into the NATO Integrated Air Defense Systems.
- A two-year purchase to field a battalion's worth of medium range anti-tank missile systems with associated spares, training devices and support equipment and a multi-year purchase (FY 2004-FY 2008) of a Man Portable Air Defense system needed for protection from conventional aircraft attack.



- Effective combat engagement assistance to provide specialized equipment, such as night vision gear, advanced laser targeting equipment, specialized parachutes, and associated supplies, tools and technical support to equip the NATO-tasked rapid reaction forces.
- Simulation training upgrades, combat identification of friend or foe (IFF) equipment and artillery systems upgrade.
- Additional technical assistance to support Czech Armed Forces reform of structures, policies and procedures.
- This assistance will also be used to increase Czech support capabilities and ability to deploy or receive forces.

The Czech Republic will be eligible in FY 2004 to receive grant Excess Defense Articles (EDA) under section 516 of the Foreign Assistance Act . The transfer of EDA will assist the Czech Republic in meeting defense requirements, enacting defense reforms, and furthering interoperability.

In FY 2004 there is no separate bilateral Nonproliferation, Anti-terrorism, Demining, and Related Programs (NADR) Export Control and Related Border Security (EXBS) line-item for the Czech Republic, given the significant progress it has made toward establishing an effective export control system. Czech participation in regional export control events will be funded using regional NADR EXBS funds and program advisors stationed at Embassy Bratislava and Embassy Ljubljana will continue to work with Czech officials to implement past year funds and continue engagement on an ad hoc basis.

The Czech Republic was one of the first wave of graduates from bilateral SEED Act support. In light of continued progress in transition by the "graduates," modest regional funding will be discontinued in FY 2004.

**Estonia**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
FMF	6,250	6,750	6,250
IMET	1,036	1,100	1,200
NADR-EXBS	68	100	1,750
NADR-HD	200	0	0
Peace Corps	373	0	0

Northern Europe's security and long-term stability hinge on the Baltic States, their integration into Euro-Atlantic security and economic structures, and their relations with Russia. Along with its Baltic neighbors, Estonia now has been invited to join the EU, as well as NATO. Consequently, its strategic influence will grow, as will its influence on Russia's development, especially in Northwest Russia. The continued reinforcement and enlargement of Estonia's external and internal security enhances regional security efforts. The United States can accomplish these goals by sustaining Estonia's movement into Western security structures, nurturing the continued development of a civilian-controlled and NATO-compatible military, and assisting Estonia to become a net security contributor within three years.

After its initial successful focus on accession talks with the WTO and EU, Estonia now has begun to give higher priority to the security aspects of NATO integration. The growing defense budget is projected to reach 2% of GDP in 2003.

As Estonia prioritizes resources for its own legitimate defense needs and for its contribution to the overall security of Europe, FY 2004 International Military Education and Training (IMET) funds will continue to assist in the professionalization of the military and provide necessary leadership and administrative skills to more junior officers, who have replaced former Soviet-trained officials. IMET will also provide Estonia's military and Ministry of Defense civilians access to such expanded IMET courses as defense resources management and civil-military relations.

Foreign Military Financing (FMF) will continue to be used to sustain Estonia's efforts to become fully interoperable for participation in NATO, Partnership for Peace (PfP), and NATO-associated operations, to include peacekeeping, peace enforcement, and humanitarian assistance. The FY 2004 FMF funds will help improve Estonian military capabilities through the establishment of a standardized, secure-mode capable, NATO-interoperable communications network. Funds will also focus on establishing a domestic air sovereignty capability and increase Estonia's support capability to deploy or receive forces.

Estonia will be eligible in FY 2004 to receive grant Excess Defense Articles (EDA) under Section 516 of the Foreign Assistance Act (FAA). The transfer of EDA will assist Estonia in meeting defense requirements, and furthering defense and NATO interoperability.

As part of its efforts to prevent the proliferation of weapons of mass destruction, their delivery systems, related technologies, and other weapons, the United States is providing NADR Export Control and Related Border Security (EXBS) assistance funds for a cooperative program to help establish fully effective export controls in Estonia. The FY 2004 NADR export controls request focuses primarily on improving export authorization procedures and, through the regional nonproliferation advisor program, improving enforcement procedures and capabilities.

Estonia has graduated from bilateral Support for East European Democracy (SEED) Act support. In past years, SEED was a key to supporting the development organizations committed to democracy and rule of

law, which were instrumental in bringing a reform-minded government to power. In light of Estonia's continued progress in transition, modest regional funding will be discontinued in FY 2004.

**Federal Republic of Yugoslavia**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
FMF	0	1,000	0
IMET	0	300	500
NADR-EXBS	0	100	750
P.L. 480 Title II	1,738	0	0
SEED	165,000	135,000	113,000

Ensuring that democratic and economic reforms in the Federal Republic of Yugoslavia (FRY) take hold is crucial to fostering stability in Southeast Europe. U.S. assistance to the federal government and its two constituent republics, Serbia and Montenegro, plays a key role in consolidating the democratic transition, supporting civil society, democratic institutions and economic reforms, and fostering the reintegration of a prosperous FRY into Euro-Atlantic institutions. The federal government led by President Kostunica has responded forcefully to mounting evidence of past and present links between FRY weapons exporters and states of concern, including Iraq. The FRY has also cooperated on implementing financial sanctions against terrorist groups, including establishing an anti-terrorism task force and a Financial Intelligence Unit.

Support for East European Democracy (SEED) assistance has greatly helped Belgrade implement and maintain popular support for difficult political and economic reforms. SEED funding has provided critical 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.

FY 2004 SEED funds requested for Serbia and Montenegro will be used to sustain the reform processes in Yugoslavia. Federal-level, Serbian, and Montenegrin governments understand the importance of strengthening democratic institutions and making progress on badly needed 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 program of community development will continue to build democracy at the local level and help the population see tangible benefits from the reform process, thus building support for the FRY's difficult transition. SEED funds will also fund intensive efforts to enhance FRY capacity to investigate, prosecute, and try war crimes and other sensitive and complex cases, including through establishment of special domestic courts to deal with war crimes and organized crime. Other anti-crime efforts hit corruption and trafficking in persons.

FY 2004 SEED funds will also be used 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 is focused principally on the banking and financial systems and on the fiscal regime, while restructuring involves the transfer of state-owned assets to the private sector and the reform of the institutions and the legislative, regulatory and judicial frameworks necessary to ensure effective markets.

The Certification provisions in past Foreign Operations Appropriations Acts made continuation of U.S. assistance to Yugoslav authorities contingent on progress on cooperation with the International Criminal Tribunal for the former Yugoslavia (ICTY), steps to improve respect for the rule of law and minority rights,

and steps to ensure that relations between the Yugoslav and Republika Srpska (RS) armies are consistent with the Dayton Peace Accords. The Administration has integrated our assistance programs into our ongoing diplomatic campaign to promote progress by FRY and Serbian authorities on ICTY cooperation, boost efforts for the rule of law and respect for minority rights, and press for compliance with the Dayton Accords.

In an effort to build on the GoFRY's unprecedented cooperation with the investigation into past and present FRY weapons exports to states of concern, the United States is expanding its export control activities with the FRY. 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 a fully effective export control system in Yugoslavia. FY 2004 NADR funding will help develop the laws and regulations of a strong export control system, as well as provide training for export control enforcement personnel.

Bilateral military engagement with the FRY since the democratic transition has been limited to sending small numbers of FRY personnel to Marshall Center programs. The Administration's FY 2003 budget request included IMET funds and plans are to use the bulk of that to build an English language lab inside the Yugoslav Army academy in Belgrade. The start of English language training activities would lay the groundwork for FY 2004 funding which will focus on participation in IMET professional military education as well as courses under the Expanded IMET program that focus on military justice and the rule of law, human rights, civilian control of the military and defense resource management. Further progress in our bilateral military relations and expansion of these kinds of assistance programs will depend on continuing FRY commitment to improving cooperation with the ICTY, appropriate relations between the FRY and RS armies, and an end to weapons sales to states of concern.

**Georgia**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
FMF	11,000	7,000	10,000
FMF-SUP	20,000	0	0
FSA	89,807	87,000	75,000
IMET	889	1,200	1,300
NADR-HD	1,100	1,100	2,100
Peace Corps	1,182	1,404	1,529
PKO	340	0	0

The United States has both strategic and economic interests in promoting Georgia's stability. Lying at the crossroads of Russia, Iran and Turkey, Georgia plays a key role in furthering U.S. interests. It has been a strong supporter in the war on terrorism, granting the United States overflight rights and potential basing permission. By enhancing Georgia's ability to control its borders, the United States works to reduce the chances of conflict in the region and helps block the transit of terrorists 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.

U.S. assistance to Georgia enhances its territorial integrity, promotes regional security and nonproliferation; supports the rule of law; supports market-based economic reform; strengthens civil society and promotes a participatory democracy; and helps relieve human suffering. In FY 2004, the United States plans to continue a range of security-related programs to improve Georgia's ability to monitor and combat terrorism, prevent the flow of weapons, weapons expertise, and contraband material across the borders, and pursue military reform.

Through the FREEDOM Support Act (FSA)-funded Export Control and Related Border Security/Border Security and Law Enforcement (EXBS-BSLE) program, the United States will continue to provide the necessary equipment (such as radios, remote sensors, surveillance and detection equipment), logistical and infrastructure support, and training to help Georgia's Border Guards, Customs and other security forces maintain an active presence on the Georgian-Russian border and other Georgian borders. EXBS-BSLE will continue to enhance Georgian capabilities to monitor and control territorial borders, communicate, patrol internal checkpoints, and prosecute criminals and terrorists. In addition, this program enhances interoperability between Georgian security forces and with U.S. and other Coalition forces. Assistance includes support for uniforms, transportation, communications, infrastructure upgrades, training, vessels and aircraft, spares and maintenance, radar and facilities operation and management, and new tactical utility vehicles. This assistance meets key objectives of U.S.-Georgian security cooperation.

Under the Foreign Military Financing Program (FMF) we will provide the Georgian military with defense articles, services and training it needs to improve counterinsurgency capabilities, take steps toward military reform and promote its participation with NATO through the Partnership for Peace (PfP). A major goal of training programs is to promote consolidation and greater professionalism of the military. Through the FMF program, we will continue to provide essential assistance for the Train and Equip program, including equipment such as communications gear, winter clothing, ammunition, vehicles, aviation assets, training and spare/repair parts to support Georgia's UH-1 program. The International Military Education and

Training (IMET) program helps Georgian soldiers to develop the English-language and professional military skills necessary to augment Georgia's participation in the PfP and its interoperability with NATO.

Georgia will be eligible in FY 2004 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. The transfer of EDA will assist Georgia in meeting defense requirements, enacting defense reforms, and furthering interoperability.

FSA funds also provide technical export control legal, licensing and regulatory training and equipment to give Georgia the necessary legal, technical, and operational capability to prevent the spread of dual use equipment and technology. Additional assistance through both the FSA under the Civilian Research and Development Foundation (CRDF), the Environmental Protection Agency's Biodirect and the Nonproliferation, Anti-terrorism, Demining and Related Programs (NADR)-funded 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.

U.S. law enforcement assistance has helped to develop a modern forensics lab system in Georgia. We also work with the government on anti-corruption initiatives, and provide training to police, prosecutors, lawyers and judges. FY 2004 assistance in this area will allow for continuation of these activities and support the government efforts to restructure its law enforcement agencies.

Democracy programs in Georgia continue to provide support for ongoing reforms and the upcoming 2005 presidential elections. 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. Georgia has made significant progress on legal reform, although implementation of the new laws is often lacking. U.S. assistance programs have helped to establish a merit-based process for selecting judges and a testing program for prosecutors.

U.S. economic assistance under the FSA supports Georgian government efforts to reform legal and regulatory systems, privatize the economy, implement budgetary reforms, achieve fiscal stability, and fight corruption. There are now more than two million holders of agricultural land titles in Georgia, thanks in large part to a USG program that advised the Georgian parliament on land privatization, helped register land parcels, and supported landowners' associations that serve as advocates for the rights of a new class of private farmers. Lack of political will and official government corruption have been serious impediments to economic reform. As a result, FSA funding in FY 2004 will continue to emphasize assistance programs devoted to the non-governmental sector, including agriculture, and business support and credit programs that help small and medium private businesses.

For the last several years, the FSA-funded Georgia Winter Heat Assistance Program (GWHAP) has paid heating bills for the poorest Georgians. During the winter of 2003, more than a quarter million poor Georgians, and hundreds of hospitals, orphanages and facilities housing internally displaced persons received GWHAP assistance; this program will continue in 2004. In addition to easing human suffering, GWHAP supports our broader effort to reform the energy sector by providing essential revenues to the private firms that now produce and distribute electricity for Tbilisi. To ensure that the program improves Georgia's long-term energy security, some U.S. funding is conditioned on the Georgian government meeting key goals in the national energy strategy, which the United States helped develop.

The United States provides other humanitarian assistance through the NADR-funded Humanitarian Demining program. In FY 2004, the demining program will continue to address the threat of landmines and unexploded ordnance from the civil conflict in and around the Abkhazian region of Georgia. Past

funding has already helped to train and equip a team of Georgian deminers to UN standards, but much more work needs to be done.

In FY 2004, exchanges, training and partnership programs of the Bureau of Educational and Cultural Affairs previously funded through FSA will receive funding through the Educational and Cultural Exchanges (ECE) account.



**Greece**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
IMET	499	600	600

A key NATO ally, Greece is strategically located near Balkan and Middle East trouble spots; it 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 is committed to contributing over \$500 million to the reconstruction of the Balkans. It has pledged over \$5 million for assistance to Afghanistan.

As the only country in its region belonging to both NATO and the EU, Greece is a role model for its neighbors, as well as being 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. Past years' 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 2004, IMET funding reinforces the involvement of the Greek armed forces in 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 2004 under Section 516 of the Foreign Assistance Act. The transfer of grant EDA to Greece accords with 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: Albania, Bosnia, and Kosovo. As an active member of the Multilateral Peacekeeping Force 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 2002 Actual	FY 2003 Request	FY 2004 Request
FMF	10,000	11,000	10,000
IMET	1,789	1,900	1,900
NADR-EXBS	240	270	0

U.S. assistance has contributed to Hungary's development into a stable, democratic, market-oriented 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 reforms as the country moves toward EU membership expected in 2004. Hungary has proved to be a willing contributor to international community efforts in the Balkans and elsewhere. Two weeks after joining NATO, Hungary provided airbases for NATO operations in Kosovo. Later, Hungary provided shelter for more than 20,000 refugees from Yugoslavia. Hungary has deployed an engineer battalion to SFOR and a combat battalion to KFOR and provided a medical unit and materiel to Operation Enduring Freedom, in addition to providing basing and overflight access for U.S./NATO forces. Hungary has been a stalwart ally in the fight against terrorism. The Hungarian Government has provided strong rhetorical and material support for the U.S. position on Iraq and supported counter-terrorism training at the International Law Enforcement Academy (ILEA) in Budapest.

The new Hungarian Government, which took office in late spring 2002, 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. Previous Foreign Military Financing (FMF) assistance funded expert contributions to a force modernization study which later provided the foundation for Hungary's Strategic Defense Review and the overall blueprint for military reforms. FY 2004 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 2004 FMF funds will support the purchase of defense articles and services that target improvements in the areas of night fighting capability, command and control, nuclear, biological, and chemical defense capabilities, training, and continued assistance in defense reform and resource management. Specific projects include:

- Night vision capability and ground navigational equipment allowing for rapid improvement in NATO interoperability, tactical capabilities, and combat effectiveness.
- 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 PFP forces.
- Improve capabilities in the area of Nuclear, Biological, and Chemical (NBC) operations, including modern NBC detection equipment.
- Improve capabilities to conduct combat training by acquiring the Multiple Integrated Laser Enhancement System (MILES) which provides realistic training for soldiers by allowing them to fire infrared bullets from the same weapons used in actual combat.
- U.S. contractor-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 non-commissioned officers (NCOs).

Hungary has maintained a strong nonproliferation record over the last several years, implementing stringent legal controls on exports of dual-use equipment and arms. Given Hungary's significant progress toward establishing an effective export control system, in FY 2004 there is no separate bilateral Nonproliferation, Anti-terrorism, Demining, and Related Programs (NADR) Export Control and Related Border Security (EXBS) line-item for Hungary. However, Hungarian participation in regional export control events will be funded using regional NADR EXBS funds, and EXBS program advisors stationed at Embassy Bratislava and Embassy Ljubljana will continue to work with Hungarian officials to implement programs with past year funds and continue engagement on an ad hoc basis.

Hungary will continue to be eligible in FY 2004 for Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. The transfer of EDA will assist Hungary in meeting defense requirements, and further interoperability.

Hungary was one of the first wave of graduates from bilateral SEED Act support. In light of continued progress in transition by the graduates, modest regional funding will be discontinued in FY 2004.

**Ireland**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
ESF	30,000	29,000	12,500

A permanent political settlement in Northern Ireland remains a priority foreign policy goal of the United States. The U.S. goal is to assure the full implementation of the Good Friday Agreement, which provides a framework for lasting peace and reconciliation in the region.

With Economic Support Funds (ESF), the United States supports 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 annual U.S. contribution to the IFI helps foster economic regeneration, job opportunities, and cross-community interaction in Northern Ireland and the border counties of Ireland. The IFI was established by the British and Irish governments in 1986 to promote economic and social advancement and encourage contact, dialogue and reconciliation between nationalists and unionists throughout Ireland and Northern Ireland. In addition to the United States, the European Union, Canada, Australia, and New Zealand contribute to the IFI.

The FY 2004 request will help support reconciliation projects and economic development. Disbursements from the International Fund for Ireland are made on the basis of equality of opportunity and nondiscrimination in employment, addressing needs in both Catholic and Protestant communities and encouraging cross-community cooperation. Since 1986, the IFI has underwritten over 5,000 projects in the areas of urban development, education, tourism, community infrastructure, and assistance to small businesses.

The requested \$4 million in ESF funding for the Walsh Visa Program is dedicated to support economic regeneration and peace and reconciliation in Ireland and Northern Ireland. The law signed in October 1998 established a program for young people who are residents of Northern Ireland and the border counties of Ireland to “develop job skills and conflict resolution abilities.” Young people 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 entered the United States in March of 2000 and the last group will arrive by September 30, 2003. FY 2004 funding provides continued support and monitoring for Walsh participants until their return home.

**Kazakhstan**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
FMF	2,750	3,000	3,000
FMF-SUP	2,000	0	0
FSA	45,815	43,000	32,000
FSA/NIS-SUP	1,500	0	0
IMET	893	1,000	1,200
NADR-EXBS	655	1,750	2,200
NADR-EXBS-ERF	2,000	0	0
NADR-SALW	0	200	0
Peace Corps	2,254	2,783	3,130

Kazakhstan has vast hydrocarbon reserves and is the largest Central Asian state, sharing borders with Russia and China. The United States seeks to promote Kazakhstan's development as a stable, independent, democratic, market-oriented and prosperous state that has good relations with its neighbors and strong links to the West.

Key U.S. interests with respect to Kazakhstan are: (1) building upon the Government of Kazakhstan's commitments to the war on terror; (2) building upon non-proliferation programs that have registered impressive successes, particularly under the U.S.-GOK Cooperative Threat Reduction Agreement; and (3) promoting democratic governance, open markets, a favorable investment climate for U.S. firms, and integration of Kazakhstan into the world trading system, especially the WTO. In support of Operation Enduring Freedom, Kazakhstan provided the U.S. with overflight permission and has offered basing privileges. Kazakhstan has also adopted an accelerated schedule to accede to five remaining international counter-terrorism conventions and to adopt money-laundering legislation.

In FY 2004, the United States plans to continue a range of assistance for Kazakhstan under the FREEDOM Support Act (FSA), including conflict prevention in the south, support for small and medium sized enterprises, improved management of critical natural resources, improving primary health care, strengthening civil society and citizen participation, and promoting broad-based community participation in resolving local problems. In addition, FSA programs will continue to support nonproliferation cooperation and improvements in law enforcement and counter-narcotics capabilities.

An important element of U.S. economic reform assistance under the FSA is the "Houston Initiative," a U.S.-Kazakhstani partnership that 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 building a middle class in Kazakhstan. Due to significant progress on basic economic reforms, the budget request for FY 2004 scales back the level of economic reform assistance. The Quality Primary Health Care program is implementing fundamental 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.

Kazakhstan's commitment to democratic values deteriorated during the past year; the government attempted to control and stifle opposition political groups and independent media. Concern is growing among the human rights, non-governmental organization (NGO), and media community in Kazakhstan that

the country is backsliding toward increased authoritarianism. NGOs allege that most large media outlets are controlled by members of the president's family and his close circle of friends through holding companies. Independent journalists and media outlets have faced various forms of harassment. While this indicates a negative trend, there have been some positive steps. In the past year, Kazakhstan granted temporary registration to opposition party Ak Zhol, appointed a human rights ombudsman, and was in compliance with human rights standards on extradition issues. In the face of these challenges, FSA democracy assistance programs are designed to strengthen grassroots civic organizations and to develop more effective, responsive, and accountable local government.

We have increased funding for media assistance in Kazakhstan, broadening our support to print media. Programs will assist independent Kazakhstani broadcast media to meet Kazakhstan broadcast and production laws and thereby decrease their chances of legal challenges to their operation. The local government project works to promote citizen participation and improve local governments' responsiveness to citizens; this program has had success in addressing difficulties with the privatization of housing. USAID also works to strengthen NGOs by providing training, assistance, and small grants.

Democracy programs continue to promote long-term generational change through academic and professional exchange programs. Increased funding for the Community Connections program will facilitate outreach to professionals and religious leaders in southern areas of the country. The Internet Access and Training Program supports ten free access sites in nine cities throughout Kazakhstan. In FY 2004, exchanges, training, and partnership programs of the Bureau of Educational and Cultural Affairs previously funded through FSA will receive funding through the Educational and Cultural Exchanges (ECE) account.

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 U.S. and others to dismantle Soviet-era nuclear, biological and chemical weapons infrastructure and redirect expertise. Our nonproliferation assistance programs address these potential sources of proliferation. Funds requested under the FSA and Nonproliferation, Anti-terrorism, Demining and Related Programs (NADR) accounts will continue to help prevent, deter, detect and interdict threats of proliferation, ensure the security of nuclear materials at nuclear facilities, redirect former Soviet weapons expertise into peaceful projects and enhance Kazakhstan's capabilities and infrastructure to control exports and secure its borders.

The FY 2004 Anti-Crime Training and Technical Assistance (ACTTA) Program will continue to support reform of criminal law and prosecutorial procedures by the Government of Kazakhstan as well as the enhancement of investigative techniques employed by Kazakhstani law enforcement agencies.

The Export Control and Related Border Security (EXBS) Program will continue to help Kazakhstan prevent, deter, detect, and interdict illicit trafficking in Weapons of Mass Destruction (WMD), missile delivery systems, related dual-use commodities, and conventional arms. Training and equipment will assist Kazakhstani Border Guard Service, Customs Control Agency, and Defense Ministry. In FY2004, a high priority for EXBS assistance will be the development of Kazakhstan's maritime border security capabilities. EXBS assistance also will continue to sponsor joint regional training programs on border search, WMD and immigration procedures, counter-proliferation awareness courses, and EXBS international border interdiction training to border security officials to enhance land and maritime border security.

The FY 2004 Foreign Military Financing (FMF) and International Military Education and Training (IMET) programs for Kazakhstan will continue to enhance regional cooperation by deepening Kazakhstan's cooperation in Partnership for Peace (PfP), and also will address Kazakhstan's military reform efforts. FMF will provide assistance to the Peacekeeping Battalion and help refurbish a military base and training center near the strategically important North Caspian Sea. The training center will facilitate joint training in

the area of counter-terrorism. FMF will purchase interoperable communications equipment, night vision devices, basic individual equipment, transportation, medical supplies and infantry equipment.

IMET funds will help facilitate greater professionalism and reform of the armed forces. New graduates from the Kazakhstan Military Academy will continue to attend U.S. basic officer schools and become platoon leaders in the Kazakhstan Peacekeeping Battalion. English language training will continue to foster cooperation and interoperability.

Kazakhstan 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 EDA will assist the country to meet its defense requirements and further NATO interoperability.

The BN-350 breeder reactor in Aktau, Kazakhstan is in standby condition. Using Defense Nuclear Nonproliferation (NN) and FSA funds, the Department of Energy (DOE) is leading USG efforts to continue cooperation with Kazakhstan on the long-term secure storage of spent fuel from the BN-350 reactor at Aktau. Under the umbrella of the Cooperative Threat Reduction (CTR) program, the United States is helping and will continue to help Kazakhstan eliminate WMD infrastructure dating back to Soviet period. CTR will continue to assist with the transportation and storage of orphaned sources of radioactivity, and additional security for genetically altered pathogens at both the Almaty Anti-Plague Institute and the Otar Scientific Research and Agricultural Institute.

U.S. humanitarian assistance and special transport of donated humanitarian goods under the FSA will allow the United States to help Kazakhstan address specific, compelling social needs.

**Kosovo**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
CSH	131	0	0
PKO	15,400	12,500	9,500
SEED	118,000	85,000	79,000

The United States has actively promoted political and economic stability in Kosovo since the 1999 conflict. It continues to back the United Nation Interim Administration Mission in Kosovo (UNMIK) while encouraging it to transfer additional responsibilities to Kosovo's Provisional Institutions for Self-Government (PISG) in accordance with United Nations Security Council Resolution 1244 and the Constitutional Framework. UNMIK has designed a series of benchmarks against which the international community can measure progress in Kosovo. U.S. assistance helps Kosovo make progress toward these benchmarks, which include establishment of functioning democratic institutions, rule of law, and returns and reintegration of displaced persons. U.S. assistance programs complement those of other donors. The European Union and European bilateral donors are the lead donors, providing the majority of assistance for Kosovo's reconstruction and development.

FY 2004 Support for East European Democracy (SEED) funds will remain committed to programs that promote rule of law, good governance, human rights and a market economy that is integrated with the rest of Europe. Program funding aims, above all, to cultivate internal conditions that enable the earliest possible withdrawal of NATO-led (including U.S.) troops from Kosovo. Because law enforcement and administration of justice remain critical to preserving public safety and rule of law in Kosovo, the United States will continue to devote funding to support the UNMIK International Police Force, and to train and equip the Kosovo Police Service (KPS) which will increasingly take on expanded investigative processes including organized crime. The United States will also support training of the Kosovo Protection Corps (KPC), a multi-ethnic organization that assists in natural and humanitarian disasters and community-level reconstruction activities.

Institution building and democracy programs will remain important components of SEED funding in FY 2004. We intend to boost the competency of the PISG and municipal government through training, advisory services and material donations. Targets will also include independent media, professionals, youth and civic leaders. Human rights activities, including the identification of missing persons will continue. U.S. assistance will also support the return and reintegration process in Kosovo. Kosovo's economic recovery is a fundamental objective of U.S. assistance. The United States will provide technical assistance and advisory services in key functions such as budgeting and finance, commercial law and private enterprise development. The United States has been successful in catalyzing grass-roots economic activity as well. USAID's programs small and medium enterprise development and agribusiness support, community and non-governmental organization (NGO) development will round out the U.S. contribution to Kosovo's economic recovery.

Peacekeeping Operations (PKO) funds in FY 2004 will be used to support the Organization for Security and Cooperation in Europe's (OSCE) Mission in Kosovo (OMIK). OMIK is an integral part of the United Nations Mission in Kosovo, and is charged with oversight of Institution Building (Pillar III of Dayton Accords). Specifically, OMIK focuses on the following activities: 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. PKO funds will cover our annual OSCE Kosovo Mission voluntary assessment of 13.57%.



**Kyrgyz Republic**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
FMF	2,000	4,000	6,000
FMF-SUP	9,000	0	0
FSA	35,489	36,000	40,000
FSA/NIS-ERF	3,500	0	0
FSA/NIS-SUP	33,000	0	0
IMET	600	1,100	1,200
NADR-EXBS	0	1,200	1,400
Peace Corps	1,063	1,304	1,673

The United States seeks renewal of the Kyrgyz Republic's earlier progress toward creation of a democracy based on the rule of law and civil society, one that functions on free-market economic principles, is at peace with its neighbors, is integrated into the world economy, and has the capability to provide for the welfare of its citizens. The Kyrgyz Republic is providing crucial support for the coalition against terrorism, most notably in authorizing the basing of Coalition aircraft and military personnel on Kyrgyz territory.

U.S. assistance to the Kyrgyz Republic enhances its sovereignty and territorial integrity, supports economic reform and development, improves its ability to protect human rights, halt environmental degradation, help prevent weapons proliferation, drug trafficking and other illicit smuggling, and more effectively combat transnational terrorism.

In FY 2004, the United States plans to continue economic and technical assistance for small and medium-sized enterprise development, civil society strengthening, conflict mitigation, and health reform. 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.

U.S. economic assistance under the FSA helps the private sector create free and viable markets where micro-, small-, and medium-sized private enterprises can thrive. FSA-funded programs have helped the Kyrgyz Republic to lead Eurasia in accounting reform and to become fully compliant with international standards. Credit financing will support micro and SME development. FSA programs have also helped the Kyrgyz Republic become a regional leader in health reform, having completed a major restructuring of its health delivery system. Sixty eight percent of family doctors nationwide have completed standard retraining programs.

While the Kyrgyz Republic has led the region in developing democratic institutions, there have been setbacks in the area of democratic development in 2002, with the violence against protestors in Akxy and government pressure on the political opposition. However, the Presidential Administration has made an effort to reach out to some members of civil society and to address the events of Akxy. The Kyrgyz Republic will hold a constitutional referendum early in 2003, albeit with the option only to approve or disapprove the entire slate of amendments as a whole, and has agreed to the registration of an independent printing press. In comparison with its neighbors, the Kyrgyz Republic still has a relatively vibrant civil society.

U.S. democracy assistance under the FSA to the non-governmental sector is focusing on citizen participation through public hearings and advocacy campaigns, as well as continuing to work on the sustainability of non-governmental organizations (NGOs) and other elements of civil society. Support to the independent media and for Internet access will also continue. Other programs will continue work with local governments and citizens to strengthen the accountability of government. U.S. assistance will expand in the area of education reform, with programs focusing on civic education, basic education, and continuing the development of the American University of Central Asia (formerly the American University of Kyrgyzstan). FSA funds will continue to support a successful project to award university scholarships on merit by working with the Ministry of Education to develop an independent testing program. In FY 2004, exchanges, training, and partnership programs of the Bureau of Educational and Cultural Affairs previously funded through FSA will receive funding through the Educational and Cultural Exchanges (ECE) account.

In FY 2004, the United States will continue programs in the Kyrgyz Republic to help prevent the proliferation of weapons of mass destruction (WMD) and weapons technology and expertise. The International Science and Technology Center in Russia, funded under the NADR account, and the FSA-funded Civilian Research and Development Foundation will keep former Soviet weapons experts in the Kyrgyz Republic employed in peaceful research. They also will continue to support growth in peaceful scientific infrastructure such as the International Geodynamics Research Center (IGRC). Through the Export Control and Related Border Security Assistance (EXBS) program funded under the FSA and NADR accounts, we will continue to work with the Kyrgyz Republic to enhance all aspects of its export control system to prevent, deter, detect, and interdict weapons proliferation, with a focus on institutionalizing effective inspection and detection training for border control personnel. We will also continue to provide support to enhance border security capabilities through the EXBS Aviation/Interdiction Project. The NADR-funded Anti-terrorism Assistance (ATA) program will continue to provide counter-terrorism 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 against terrorism.

Assistance for law enforcement and judicial and prosecutorial reform and for increased counter-narcotics capabilities will be provided in FY 2004 under the Anti-Crime Training and Technical Assistance (ACTTA) Program. The Kyrgyz Republic is a 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. Much of the United States assistance to the Kyrgyz Republic will therefore be aimed at improving the interdiction and enforcement infrastructure and training of counter-narcotics units. Previously-appropriated funding has been provided to assist the Kyrgyz government in creating a Drug Control Agency and creating and equipping Customs posts, improving law enforcement capabilities in general through provision of training and equipment, and carrying out reforms in law enforcement, judicial and prosecutorial procedures. Funding In FY 2004 is needed to continue these programs.

The Kyrgyz Republic regularly participates in the Partnership for Peace (PfP), and in regional and multilateral fora on security, including those sponsored by the United Nations and the Organization for Security and Cooperation in Europe (OSCE). Foreign Military Financing (FMF) funding would aim to further expand our enhanced military relationship following September 11 and increase cooperation under Operation Enduring Freedom. Assistance will focus on establishing interoperability with United States and international forces and promoting critical military reform.

FMF will seek to address the equipment and training shortfalls in the Kyrgyz Republic to aid the Ministry of Defense's and other security forces ability to counter terrorist activities. It will be used to purchase basic counterinsurgency equipment, which includes individual protection equipment, mountain and cold weather gear, communications equipment, vehicles, infrastructure support and training. FMF may also be used in coordination with Export Control and Related Border Security Assistance (EXBS) to support spares,

repairs, and maintenance of air assets necessary for border control and security. FMF will continue to fill major gaps in security requirements and provide lasting capabilities and infrastructure -- in line with promoting the Kyrgyz Republic's combat and counter-terrorism capabilities. Engagement will include continued work in the area of peacekeeping, with new work in search and rescue capability. Requirements for FMF will include additional training, communications equipment, personal soldier gear, and vehicles.

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 training for border defense will combat the continuing threat of terrorists and insurgents in the Kyrgyz Republic and across the region. The Kyrgyz Republic will be eligible in FY 2003 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Transfer of EDA will assist the Kyrgyz Republic to meet its defense requirements and further NATO interoperability.

As one of the poorest countries in the former Soviet Union, the Kyrgyz Republic continues to need humanitarian assistance for its most vulnerable citizens. U.S. humanitarian assistance under the FSA will fund the delivery of targeted assistance, including, clothing, food and vaccines. Assistance also will be provided to help the Kyrgyz Republic deal effectively with the problem of trafficking in persons.

**Latvia**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
FMF	6,250	7,000	6,250
IMET	1,047	1,100	1,200
NADR-EXBS	1,113	1,400	1,800
NADR-SALW	0	200	0
Peace Corps	363	0	0

Security and long-term stability in Northern Europe hinge on the Baltic States, their integration into Euro-Atlantic political, military, and economic structures, and their relations with Russia. The U.S.-Baltic Charter of Partnership establishes a framework for long-term cooperation in the political, economic and security fields. U.S. assistance promotes the Charter's principles: Latvia's integration into Euro-Atlantic institutions; good-neighbor relations, and strengthened cooperation among the Baltic countries. Since regaining independence, the Latvian military has had to build into a territorial defense force with a modest capability to participate in international operations. The government's ability to procure defense equipment and develop this force has been hindered by limited available national funding. Latvia's chief priority is enhancing military professionalism and NATO interoperability.

Support for East European Democracy (SEED) program funding in past years was a key to supporting the development organizations committed to democracy and rule of law, which were instrumental in bringing a reform-minded government to power. Latvia was an early graduate from bilateral SEED Act support. In light of continued its progress in transition, further SEED funding for Latvia is not anticipated in FY 2004.

In FY 2004 Foreign Military Financing (FMF) funds will support force modernization and interoperability with NATO, Partnership for Peace (PfP), and NATO-associated operations, to include peacekeeping, peace enforcement, and humanitarian assistance. FMF funds will be devoted to continued assistance with defense reform and restructuring projects for the Latvian Ministry of Defense (MoD) and National Armed Forces. Contractors will continue to work with the Latvian MoD in the areas of command, control, communications and computers; logistics; development of a planning, programming and budgeting system; and ministerial level administration and personnel management. Funds will also support the continued development of the Regional Airspace Initiative programs. Additional funds will be devoted to develop NATO-interoperable command, control and communications capabilities, specifically the fifth year of a seven-year acquisition plan to outfit the National Armed Forces with modern, tactical communications equipment in order to allow Latvian Armed Forces to support/deploy forces globally. Finally, funds will be designated to improve the capabilities of special operations, counter-terrorist forces (including the purchase of 20 sets of specialized diving gear) in order to improve Latvia's ability to support the war on terrorism.

International Military Education and Training funds (IMET) funds will be used to provide professional military education for those personnel serving in key positions within the Latvian Ministry of Defense and National Armed Forces. Additionally, IMET will continue to provide much needed exposure to American doctrine, tactics, and leadership for Latvian officers and non-commissioned officers (NCOs) in those areas in which Latvia currently lacks the facilities and expertise to perform.

Latvia will be eligible in FY 2004 to receive grant Excess Defense Articles (EDA) under Section 516 of the Foreign Assistance Act. The transfer of EDA will assist Latvia in meeting defense requirements, in enacting defense reforms and in furthering defense and NATO interoperability.

As part of 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 program to help establish fully effective export controls in Latvia. FY 2004 NADR funding will focus primarily on improving export authorization and enforcement procedures, and strengthening capabilities and interoperability among enforcement officials. In addition to training in enforcement and identification of dual-use goods, NADR activities will expand the Electronic Border Enforcement Transmission (EBET) system to enhance the accuracy and timely transmission of information from remote border crossings to licensing authorities, chemical/nuclear experts, dual use experts and others. This information will be used in licensing determinations or identification of goods. Funds will also support radiation detection monitors along critical border crossings.

**Lithuania**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
FMF	6,593	7,500	7,000
IMET	1,019	1,100	1,200
NADR-EXBS	748	920	1,800
Peace Corps	362	0	0

Security and long-term stability in Northern Europe hinge on the Baltic States, their incorporation into Euro-Atlantic security and economic structures, and their relations with Russia. Lithuania's integration into regional security structures and its development of civilian-controlled, NATO-compatible defense forces contribute directly to U.S. national interests by increasing regional stability. Within the past decade, Lithuania has repeatedly proven its ability to sustain productive and positive relations with every country in the region. It has promoted, funded, and implemented confidence and security building measures in Belarus and in the Russian enclave of Kaliningrad, where others have not even attempted to act or have failed. By supporting Lithuania's development of a credible deterrent force and enhancing its ability to interact with NATO forces, the United States is fostering stability and dialogue in the region. Lithuania is a firm and engaged partner of the United States in the war on terrorism.

Support for East European Democracy (SEED) program funding in past years was key to supporting the development organizations committed to democracy and rule of law, which were instrumental in bringing a reform-minded government to power. Lithuania was an early graduate from bilateral SEED Act support. In light of Lithuania's continued progress in transition, further SEED funding is not anticipated in FY 2004.

In FY 2004 Foreign Military Financing (FMF) funds will support force modernization and interoperability with NATO, Partnership for Peace (PfP), and NATO-associated operations in peacekeeping, peace enforcement, and humanitarian assistance operations. FMF will provide continued support for a standard communications system as well as the Regional Airspace Initiative by upgrading P-37 radar and Identification of Friend or Foe (IFF) systems. These systems are necessary to better support coalition operations. Funds will also be used to acquire Hummer vehicles for Lithuania's High Readiness Brigade that will enhance interoperability and Lithuania's ability to support NATO and other missions. In addition to the vehicles Lithuania would like to acquire four light armed vehicles and other equipment for nuclear, biological and chemical weapons reconnaissance. Lithuania is also seeking night vision devices and other equipment to support special operations and counter-terrorist units. Finally, provision of small arms and spare parts for vehicles for Lithuania's armed forces will support Lithuania's efforts to maintain a state of readiness for coalition operations.

Lithuania is committed to achieving full integration into Western security structures through International Military Education and Training funds (IMET) courses in defense resource management and civil-military relations. IMET funds will also be used to provide professional military education for those personnel serving in key positions within the Lithuania Ministry of National Defense and National Armed Forces. Additionally, IMET will continue to provide much needed exposure to American doctrine, tactics, and leadership for Lithuanian officers and non-commissioned officers (NCOs).

Lithuania will be eligible in FY 2004 to receive grant EDA under Section 516 of the Foreign Assistance Act. The transfer of EDA will assist Lithuania in meeting defense requirements, and furthering defense and NATO interoperability.

As part of efforts to prevent the proliferation of weapons of mass destruction, their delivery systems, related technologies, and other weapons, the United States is providing Non-proliferation, Anti-terrorism, Demining and Related Programs (NADR) Export Control and Related Border Security assistance for a program to help establish fully effective export controls in Lithuania. FY 2004 NADR funding will focus primarily on improving export authorization and enforcement procedures, and strengthening capabilities and interoperability among enforcement officials. In addition to training in enforcement and identification of dual-use goods, NADR activities will expand the Electronic Border Enforcement Transmission (EBET) system to enhance the accuracy and timely transmission of information from remote border crossings to licensing authorities, chemical/nuclear experts, dual use experts and others. This information will be used in licensing determinations or identification of goods. Funds will also support radiation detection monitors along critical border crossings.

**Macedonia**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
FMF	10,500	11,000	10,000
IMET	579	650	700
NADR-EXBS	180	190	300
Peace Corps	341	1,138	1,389
SEED	49,506	50,000	39,000

Key U.S. interests in the Former Yugoslav Republic of Macedonia (Macedonia) include strengthening peace and stability in the country after the 2001 conflict and refocusing government efforts on continued democratic, economic, and military reforms on the path to full membership in Euro-Atlantic institutions. U.S. bilateral and regional interests lie in Macedonia serving as a model of a working multi-ethnic democracy with constructive relations with neighbors and strong, stable political institutions. Macedonia played a key role as the primary refuge for hundreds of thousands of refugees and as a launching pad for U.S. and Allied military efforts during the Kosovo crisis; it continues to be the main conduit for assistance and logistics for the international forces and the UN administration in Kosovo. The United States has a stake in reinforcing Macedonia against internal and external threats to its stability while supporting its internal political and economic transition and facilitating its integration into the Euro-Atlantic mainstream. The armed ethnic Albanian insurgency that emerged in northwestern Macedonia in early 2001 posed an extremely serious threat both to Macedonian and regional stability. By working to strengthen its multiethnic, democratic institutions through implementation of the 2001 Framework Agreement that ended the insurgency, Macedonia will make an invaluable contribution to stability and to the global war against terrorism.

U.S. assistance to Macedonia seeks to promote inter-ethnic reconciliation and cooperation, market-based economic reform, strengthening of civil society, judicial, and democratic institutions, and the enhancement of Macedonia's ability to ensure its territorial integrity and security. Our focus is on both short and longer-term efforts to solidify and deepen political and security gains, improve the enabling environment for sustainable economic growth aimed at raising overall living standards, strengthen the legitimacy of Macedonia's multi-ethnic civil institutions and foster inter-ethnic cooperation by assisting with the implementation of the Framework Agreement, and supporting the government and military in refocusing Macedonia's NATO Membership Action Plan efforts.

In FY 2004, Support for East European Democracy (SEED) assistance programs in Macedonia will advance reforms that target the economy, democracy-building and decentralization, while broadening the scope of ongoing activities that promote inter-ethnic relations and address legitimate minority concerns in the spirit of the Framework Agreement. SEED funding will support programs to assist Macedonian government institutions in redressing inequities and ensuring non-discrimination and equitable representation. Programs will strengthen the effectiveness and ensure the representative nature of state institutions, including the police, through the training of minority police recruits. Programs will stimulate local private sector development and help to develop a progressive market economic legal framework that will stimulate employment and competitiveness. Special focus will be on helping to revive the economy of underdeveloped areas of Macedonia, including predominantly minority areas which were the primary location of conflict during the 2001 insurgency, thereby contributing to Macedonia's overall economic growth.

SEED funds finance critical technical assistance in areas of enterprise development, legal/accounting and judicial reform, privatization and labor redeployment, and financial sector reform. SEED-funded reform



efforts are helping Macedonia to improve its investment climate, improve economic capacity, and adopt international standards. Our strategy encompasses programs targeted at reducing the negative impacts of democratic and market transition across all ethnic groups, with a special focus on those who have not benefited from the market transition, are disenfranchised, and feel alienated and under-represented politically. These programs will mitigate support for extremism within these communities. Our aim is to strengthen Macedonia's democratic, economic, and civil institutions through such initiatives as Democracy Commission grants to non-governmental organizations (NGOs).

Regional Peacekeeping Operations (PKO) funding is available for salaries for contract American citizens working in OSCE missions in the Balkans. These secondees are a key component of U.S. support for the OSCE's operational activities and perform duties across the full range of OSCE programs, including democratization, media affairs, human rights, rule of law, elections, police advising, press and public information, and administration and support. Funds include the salary for an American citizen OSCE Head of Mission (HoM) in Macedonia.

Foreign Military Financing (FMF) and International Military Education and Training (IMET) have supported defense reorganization and training consistent with the U.S. and NATO goals of restructuring and modernizing the capabilities of the Macedonian military. FMF supports building the capabilities of the Macedonian armed forces according to the parameters of Macedonia's NATO Membership Action Plan (MAP). FY 2004 FMF funds will continue improving the Macedonian armed forces operational capacity with an eye toward participating in regional stability and peacekeeping efforts. Upgrading the Macedonian Tactical Communication Systems in order to improve Command and Control of the Macedonian Armed Forces will contribute to civilian control of the military, and improve interoperability. There is also a goal to improve the Command and Control capability of the Common Headquarters layout that will improve communications within the armed forces, increase the Macedonian ability to maintain their territorial integrity, and improve the armed forces' interoperability and peacekeeping capabilities. FMF will continue the reform and modernization of Macedonian armed forces by supporting the Macedonian MAP goals of NATO membership, 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 tactical radios, M35A1 Command Vehicles, and similar equipment. This will be done through providing spare parts for tactical radios and maintenance training; spare parts, tools, and training for command vehicles; and spare parts, tools and training to maintain M35A1 capability. Finally, interoperability and deployability of Macedonian forces through improved English capacities will continue in 2004. FY 2004 IMET for Macedonia will be used to support professional military education and exchanges, as well as some initial English language training.

The armed insurgency in early 2001 fully engaged the Macedonian government's security forces, delaying and necessitating reassessment of military reorganization and training programs. We expect the Macedonian military in FY 2004 to avail itself of expanded military training and equipment acquisition opportunities in order to strengthen its ability to counter effectively and appropriately internal and cross-border extremist threats.

The Macedonian military faces significant 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. Despite the setbacks of 2001, Macedonia refocused and committed itself to getting MAP reforms back on track and completed a bilateral Defense Assessment in 2002. It is making efforts to improve not only the quality of its non-commissioned officer (NCO) corps but also of its senior leadership. Under IMET, Macedonian Ministry of Defense civilians, senior military officers, and NCOs are receiving key training through U.S. programs. Macedonia continues to use the NATO/KFOR presence in Kosovo as

an opportunity to familiarize officers with NATO procedures, and it has actively sought joint training opportunities with tactical NATO units in Macedonia.

Macedonia is eligible in FY 2004 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 improve 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 Macedonia. FY 2004 NADR funding is provided to strengthen export control laws and regulations, as well as improve export control enforcement through training and equipment.

**Malta**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
FMF	1,000	1,000	1,000
IMET	295	300	250
NADR-EXBS	119	480	100

The United States supports Malta's integration into the Euro-Atlantic mainstream. This will reduce Libyan influence and help Malta become a more important partner of the United States in tackling major post-war challenges such as preventing the proliferation of weapons of mass destruction, combating illicit trafficking, expanding mutually beneficial trade and investment arrangements, and shaping a more stable, secure Europe.

Foreign Military Financing (FMF) funds requested in FY 2004 will be used to upgrade Malta's maritime and coast guard capabilities with an eye toward stemming illicit trafficking in the Mediterranean.

International Military Education and Training (IMET) is a major tool for ensuring that Malta remains oriented towards the United States and Western Europe in security matters. IMET has become our most important means of accessing Malta's security establishment and maintaining a positive dialogue on important regional security issues, including counterterrorism activities. IMET programs enhance Maltese capability to interdict shipments of sanctioned materials to Libya and to combat narcotics trafficking through the Maltese islands. In FY 2004 IMET will focus on strengthening maritime capabilities by professionalizing the officer and enlisted corps, increasing maritime mission training, enhancing training through mobile training teams, and increasing capabilities to handle and limit weapons of mass destruction (WMD) transshipment.

As part of 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. NADR Export Control and Related Border Security (EXBS) assistance will help to establish fully effective transshipment controls in Malta by strengthening enforcement capabilities through training and providing equipment.

Malta will be eligible in FY 2004 to receive grant Excess Defense Articles (EDA) under Section 516 of the Foreign Assistance Act. The provision of grant EDA will assist Malta in meeting defense requirements, enacting defense reforms, and furthering defense interoperability.

**Moldova**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
FMF	1,250	1,500	1,000
FSA	35,946	32,500	23,000
IMET	889	900	1,000
NADR-EXBS	0	2,320	1,000
Peace Corps	1,757	2,135	2,398

The Secessionist Transnistrian region within Moldova remains a great obstacle to regional security, and the United States has a national interest in seeing this conflict resolved in a way that protects Moldova's sovereignty. Already the poorest country in Europe, Moldova remains constrained from developing its economy since many of its industrial assets remain under the control of the self-proclaimed Transnistrian state. 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 been a model for reform for the former Soviet states. Moldova has been a strong supporter of the war on terrorism, granting the U.S. overflight rights and basing rights.

U.S. assistance to Moldova is designed to enhance its territorial integrity and security; prevent weapons proliferation and combat transnational crime; support market-based economic reform; strengthen civil society and democracy; and avert humanitarian crises. In FY 2004, the United States plans to continue a range of security-related programs to improve Moldova's military capabilities and promote U.S. non-proliferation goals. In law enforcement it will seek to assist officials' combat narcotics, trafficking in persons, money laundering, and corruption through training courses, the provision of equipment, and technical support for the creation of legislation. Economic assistance will continue to support post-privatization programs in the agricultural sector, energy sector restructuring, and fiscal reform as well as promote Moldova's integration into Southeastern Europe. The United States will also provide significant humanitarian assistance.

Until recently, Moldova generally outpaced its former Soviet neighbors in terms of economic reform efforts, democratic development and human rights observance. Moldova's progress in these fields provided a positive example for neighboring states. 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 public statement of support for reform and for Moldova's integration into Europe during his official visit to the United States in 2003 is a reassuring sign.

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. Our highest priority for assistance under the FREEDOM Support Act (FSA) in FY 2004 will continue to be support for post-privatization activities in the agricultural sector. Particular emphasis will be placed on assisting new landowners in developing viable associations and cooperative structures, building markets, accessing credit, and creating an efficient input supply and processing system. FSA assistance in FY 2004 will also continue to contribute to growth and profitability of small and medium enterprises by facilitating their access to market business skills, information, and finance. FSA funds will also help promote private sector development through support for fiscal reform.

Since the sale of three of Moldova's five electric power distribution companies, which was assisted by FSA-funded programs and which helped the country overcome the worst of its energy crisis, energy sector reform has stalled. In FY 2004, the United States will continue to press the Government of Moldova (GOM) to move forward in this area, and promote energy efficiency through FSA programs concentrating on the continued privatization of state-owned utilities, regulatory changes, and the introduction of new technologies.

In recognition of the hardships associated with Moldova's ongoing reform efforts, the United States will continue to provide FSA funding to facilitate the delivery of targeted humanitarian assistance including emergency pharmaceuticals, medical supplies, vaccine supplies, food and clothing to those most in need. Additionally, in an attempt to improve healthcare for vulnerable groups of Moldova's population, the United States will provide continued FSA assistance to support health care reform, including health partnerships, 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 produce rapid and tangible improvements in living conditions. This will strengthen civil society, local democracy, and grass root party activism and 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 economic and political stability, and thus to the U.S. national security interests in the stabilization and reform of the East European region as a whole. FSA funds will continue to support improvement in Moldovan law enforcement agencies' capacities and in Moldova's capability to join the United States in fighting organized crime, trafficking in persons and commodities, narcotics smuggling, financing of terrorism, and other criminal activities. Work in this area under FSA will be complemented by elements of our nonproliferation programs.

Funding from the FSA and Nonproliferation, Anti-terrorism, Demining and Related Programs (NADR) accounts supports activities to prevent the proliferation of weapons of mass destruction (WMD), conventional arms and related weapons materials and technologies in Moldova. The Export Control and Related Border Security Assistance Program (EXBS) funded by NADR and FSA is designed to facilitate the continuing development of an effective national export control and border security system to prevent weapons proliferation. The EXBS program will further assist Moldova in the development of laws, regulations, and licensing procedures and practices. It will also provide additional enforcement training, surveillance, detection, interdiction and automation equipment, infrastructure support and advisory assistance and liaison through a resident export control assistance program advisor. EXBS will continue to provide equipment, including vehicles, cell phones, computers, cameras, night vision goggles, and bulletproof vests for border guards and Moldovan Customs. A significant portion of this equipment will be used for monitoring the secessionist region of Transnistria, with a focus on the movement of munitions and contraband. The Embassy, in coordination with the Moldovan Department of Civil Defense, will help Moldova create/sustain a "first responder unit" for weapons of mass destruction (WMD) incidents.

NADR and FSA funds also will continue to support peaceful scientific research by former Moldovan WMD scientists to prevent proliferation of their expertise. Support for this work is expected to increase significantly as Moldova joins the science center program. FSA funding is also provided for the redirection of Moldovan WMD scientists through the non-governmental Civilian Research and Development Foundation (CRDF). One CRDF program, which has helped the transition of four former Moldovan defense companies to civilian commercial activity, is now being expanded to include at least four additional Moldovan defense enterprises.

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 allocation will be spent on a variety of items designed to provide modern equipment and capabilities interoperable with western militaries. FMF purchases will include communications equipment, topographic printing equipment, aeronavigational aids, and funding of transportation for Excess Defense Article vehicles. Moldova has engaged in an extensive defense/military contacts program with the United States, expanded its participation in PfP exercises, and made effective use of the limited International Military Education and Training (IMET) funds provided it. Additionally, Moldova has developed a robust program with its State Partner, the North Carolina National Guard.

In FY 2004, FMF and IMET funds will continue to be used to further develop and reform Moldova's armed forces, enhance the capability of its peacekeeping battalion to operate alongside NATO forces with common, interoperable equipment, and promote the integration of Moldova into Euro-Atlantic security structures. The goal is to increase Moldova's peacekeeping capability to enable Moldova to contribute units to peacekeeping operations and replace units from countries engaged militarily in the global war on terror. FMF Foreign Military Sales and IMET assistance will also focus on developing a Special Forces (SF) capability within Moldova's armed forces. The goal of improving the SF capability is to provide the Moldovan Army with the skills and equipment necessary to handle a low-level terrorist threat in Moldova.

Moldova will be eligible in FY 2004 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act (FAA). Provision of grant EDA will assist Moldova in meeting its defense requirements and furthering NATO interoperability.

In FY 2004, exchanges, training, and partnership programs of the Bureau of Educational and Cultural Affairs previously funded through FSA will receive funding through the Educational and Cultural Exchanges (ECE) account.

**Poland**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
FMF	12,000	13,000	12,000
IMET	1,891	2,000	2,000
NADR-EXBS	300	600	0

Poland is a key ally and partner in U.S. efforts to enhance security and promote economic prosperity in Europe. The United States has a strong interest in helping Poland improve its military capabilities and interoperability with NATO. Poland is a net contributor to the NATO collective defense effort, and serves as a model and a mentor for prospective NATO members. Poland also contributes significantly to the enhancement of political and economic stability in Eastern and Central Europe, by sharing with neighboring countries its experiences with a successful transition to a free market democracy.

Poland is a graduate of Support for East European Democracy (SEED) assistance, having progressed in its transition to a free market economy and democratic institutions to such a degree that it can continue without significant economic assistance. Poland's transition from a centrally planned economy serves as a model for other countries receiving SEED support. As a result of this progress, modest regional funding will be discontinued in FY 2004.

Although 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 not reached its full potential to contribute to NATO's collective defense. Poland continues to increase defense spending in real terms, despite growing demands for increased social spending and constricting budget resources. Poland coordinates its military modernization and restructuring closely with NATO to ensure that 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 2004, FMF will be dedicated to the implementation of the Secretary of Defense's Military Cooperation Initiative (MCI) with Poland and the further implementation of other key ongoing activities. Priority programs under the MCI will focus on developing ground forces partnerships and a Polish Marine Unit; possible establishment of an experimental training center and a Nuclear, Biological and Chemical (NBC) training center; and cooperation in the area of missile defense. All of these programs will entail a considerable amount of training and some transfer of defense articles and technical services through the Foreign Military Sales (FMS) system. In addition to the MCI, FMF funds will be dedicated to the ongoing implementation of Poland's National Acquisition Strategy, an integrated logistics system, enhanced communication information (C4I) capabilities ((including Air Sovereignty Operations Center, Identification of Friend or Foe (IFF) systems, and information technology upgrades)), a simulation center, and support of previously transferred Excess Defense Articles (EDA): a Frigate and SH2G Helicopters. Non-commissioned officer (NCO) development is also envisioned as a new initiative. IMET for Poland will concentrate on officer and NCO training, such as professional military education, managerial training and technical training.

Poland will be eligible in FY 2004 to receive grant EDA under Section 516 of the Foreign Assistance Act. The transfer of EDA will assist Poland in meeting defense requirements, enacting defense reforms, and furthering NATO and Western interoperability.

Given Poland's significant progress towards establishing an effective export control system, there is no separate bilateral Nonproliferation, Anti-terrorism, Demining, and Related Programs (NADR) Export Control and Related Border Security (EXBS) assistance line-item for Poland in FY 2004. 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 past year funds and continue engagement on an ad hoc basis.



**Portugal**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
IMET	720	850	850

Portugal's continued participation in both NATO and other international peacekeeping operations directly benefits U.S. security goals. The United States also seeks to maintain strong cooperation at the Lajes Air Base and Portugal's support within the 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. Portugal continues to maintain strong transatlantic ties and to pursue close military cooperation with the United States. The 1995 Agreement on Cooperation and Defense provides U.S. forces continued access to the strategic Lajes Air Base in the Azores. Lajes served as a staging point for the United States during NATO's military operations in Kosovo, Desert Storm and Desert Fox. Lajes supports ongoing U.S. operations in Bosnia, Kosovo, and Afghanistan. Portugal also contributes troops to both SFOR and KFOR, has contributed assets to Operation Enduring Freedom, and works closely with the United States on UN security issues.

The International Military Education and Training (IMET) program continues to be an essential component of the Portuguese military force modernization program, which includes its ongoing efforts to create an all-volunteer military; conscription is scheduled to end by 2004. FY 2004 IMET funding for Portugal will be a significant asset in the modernization effort, which is intended to strengthen Portugal's ability to play an active role in collective defense organization and international peacekeeping efforts, e.g., in 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.

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 2002 Actual	FY 2003 Request	FY 2004 Request
FMF	9,000	10,000	9,000
IMET	1,356	1,500	1,500
NADR-EXBS	275	560	600
NADR-SALW	1,061	0	400
Peace Corps	3,178	3,656	3,962
SEED	36,000	29,000	28,000

The continued development of a democratically oriented, economically sound Romania, respectful of human rights and at peace with its neighbors, is in both the strategic and economic interests of the United States. As Southeast Europe's largest, most populous country, strategically located Romania has the potential to contribute significantly to stability and security in a troubled region. Invited in November 2002 to join NATO, Romania already is supporting U.S. and NATO goals through its contributions to the allied military presence in Bosnia and Kosovo, and to Operation Enduring Freedom and the International Security Assistance Force (ISAF). It seeks full integration with the West, including membership in the European Union. With successful political and economic reforms, Romania also should offer more attractive business opportunities for U.S. companies, which in turn will contribute to its development.

U.S. assistance supports Romania's market-based economic reforms, promotes participatory democracy, strengthens civil society, and helps relieve human suffering. It also promotes the fight against corruption in all sectors.

To advance the goal of expanding a market-driven private sector and improve the quality of life for ordinary Romanians, Support for East European Democracy Act (SEED) assistance will provide technical assistance and training to improve policy and the legal and regulatory frameworks supportive of market expansion. Strengthening the institutional capacity of the government and private sector to serve market economy goals, enhancing private sector competitiveness, and improving and speeding up the process of transferring state-owned assets to private ownership also will receive attention. This will be accomplished by focusing on agriculture, financial and capital markets, small and medium enterprises, energy, and the environment.

Technical assistance and training to improve democratic governance at the local level in Romania will promote U.S. objectives in the areas of democratization and the promotion of civil society. Using SEED funds, USAID will focus on building the capacities of local governments and numerous civil society organizations countrywide, as well as assisting central government bodies with legislative changes needed to further decentralization. Local public institutions and civil society organizations also will receive technical assistance to reinforce the rule of law at the local level.

SEED funds will be used to promote reform in the areas of child welfare, health care, and social assistance, as Romania still faces serious problems in the social sector. USAID activities will concentrate on closing large, state-run residential institutions for children, reducing the number of institutionalized children, creating community-based alternatives to institutionalization, integrating reproductive health services into primary care, and promoting modern contraception and HIV/AIDS prevention.

SEED funding will continue to support the Southeastern Europe Cooperative Initiative's (SECI) Anti-Crime Center in Bucharest, which coordinates regional criminal task forces working on human trafficking, smuggling, and drug trafficking. With funding from the Government of Romania and other support, the

SECI Anti-Crime Center has been effective in fighting trans-border crime, including human trafficking. Other SEED funds will be used to support anti-trafficking programs in Romania in FY 2004.

The United States plans in FY 2004 to continue a range of security-related programs to improve Romania's military capabilities, help its armed forces become more NATO compatible, prevent trafficking in persons, and block the trafficking of narcotics and other contraband across Romania's borders.

Romania has by far the largest armed forces of all the NATO invitee countries. In accordance with Romania's NATO Membership 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 support Romania's integration and interoperability with NATO forces, professionalization, modernization, and reform of the Romanian military. FMF will focus on areas that will increase Romania's effectiveness and capabilities in the context of the multi-national Southeast European Brigade (SEEBRIG), whose headquarters will rotate to Romania in FY 2003. It also will support the Ministry of Defense's reform implementation goals of downsizing the Romanian military and improving NATO interoperability.

In FY 2004, the International Military Education and Training (IMET) program will continue to expose the new generation of Romanian military officers to Western models of force structure, tactical doctrine, democratic values, and civil-military relationships, and will enhance interoperability with NATO forces. The Government of Romania continues to seek to expose as many officers as possible to U.S. military training and to make good use of graduates in their follow-on assignments.

Romania will be eligible again in FY 2004 to receive grant Excess Defense Articles (EDA), under section 516 of the Foreign Assistance Act (FAA). The transfer of such materiel under grant EDA will help Romania to enact defense reforms, meet defense requirements, and promote defense and NATO interoperability.

The United States is working closely with Romania to improve its export controls. While Romania is making significant progress in developing a system to control the export of sensitive goods and technologies, there is room for improvement. As part of its efforts to prevent the proliferation of weapons of mass destruction, their delivery systems, related technologies, and other weapons, the United States is providing 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. In FY 2004, NADR funding will provide export control enforcement assistance, such as advanced training for specialized inspection teams and a product identification tool, which is software to assist officials in identifying dual-use items at the border.

Romania will continue to downsize its military leaving an enormous surplus of small arms/light weapons (SALW) that could easily fall onto the illicit market. FY 2004 Nonproliferation, Anti-terrorism, Demining, and Related Programs (NADR) Small Arms/Light Weapons (SALW) funding will support the joint efforts of the United States, United Kingdom, Norway and the Netherlands to eradicate excess SA/LW and ammunition stocks in Romania.

**Russia**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
FSA	159,083	148,000	73,000
IMET	0	800	800
NADR-EXBS	1,500	3,980	3,000
Peace Corps	3,734	2,465	0

The United States has an overriding interest in cooperating with Russia on critical national security issues of the day. We work with Russia to reduce threats posed by weapons of mass destruction through arms control, threat reduction efforts, and nonproliferation activities. Russia has been a strong supporter in the war on terrorism, offering key political support, granting the U.S. overflight rights, sharing intelligence, and in other important ways. We work with Russian law enforcement agencies to improve their capabilities and enlist their resources in the fight against transnational crime.

The United States also has a compelling national interest in seeing Russia complete a successful transition to market-based democracy. We address this interest by supporting civil society, entrepreneurs, and local governments in their efforts to implement democratic and economic reform.

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. We will continue to provide security and nonproliferation assistance under the FREEDOM Support Act (FSA) and Nonproliferation, Anti-terrorism, Demining and Related Programs (NADR) accounts.

Scientific collaboration programs supported by NADR and FSA funds will help prevent proliferation of weapons expertise and redirect former Soviet weapons experts to peaceful pursuits. In FY 2004, NADR will continue to fund, at decreasing levels, Russian WMD scientific grants through the International Science and Technology Center (ISTC) in Moscow. The expanded focus on chemical and biological weapons scientists as well as the increasing participation of new Central Asian countries in the science centers requires the redistribution of NADR science center resources that were previously heavily concentrated in Russia. It will also lead the ISTC to focus more heavily on "graduating" scientists from USG assistance into more commercially viable endeavors and other funding sources. This general trend also is true for other sources of weapons expertise redirection funding such as the FSA-supported Civilian Research and Development Foundation, although programs focused more directly on BW/CW scientists will continue to increase.

The United States will continue to provide assistance to enhance Russian controls on transfers of sensitive materials and technologies. This will include funding under NADR and FSA for industry/government outreach programs to educate Russian companies about the requirements of Russian export control laws. Another program will equip key transit points with radiation detection equipment to deter and interdict illicit nuclear transfers. Furthermore, the addition of a full-time Export Control and Related Border Security (EXBS) Program Advisor will continue to help Russia prevent, deter, detect, and interdict illicit trafficking in weapons of mass destruction (WMD), missile delivery systems, related dual-use commodities, and conventional arms. EXBS will continue to sponsor joint regional training programs on border search, WMD and immigration procedures, counter-proliferation awareness courses, and EXBS international border interdiction training to border security officials.

Under the International Military Education and Training (IMET) program, the United States will continue to seek 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 the Russian military and officials of the Ministry of Defense. (In November 2002, the suspension on Russian participation in this program was lifted. The suspension had been imposed under the law governing assistance because of Russian arms transfers to a nation on the U.S. list of nations sponsoring international terrorism.)

Russia is eligible to receive grant Excess Defense Articles (EDA) under Section 516 of the Foreign Assistance Act (FAA). Provision of grantee EDA will assist Russia in meeting defense requirements, enacting defense reforms and furthering interoperability.

The United States will continue to fund FREEDOM Support Act (FSA) programs, which support Russia's transformation into a market-based democracy fully integrated into the mainstream of world political and economic relations. In recognition of the progress Russia already has made towards this goal, the FY 2004 FSA funding request is significantly lower than in previous years. We are developing a strategy to graduate Russia over the next several years from FSA assistance that will seek to ensure a legacy of sustainable institutions to support civil society and democratic institutions.

FSA programs in FY 2004 will focus on consolidating the gains made in the establishment of a suitable business environment, particularly for small and medium size businesses; support for the development of civil society, with a particular emphasis on the free media; and improving health care and child welfare practices. FSA 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 2004, we will emphasize working with the authorities in these regions to disseminate the lessons of their experience to other regions.

The engine of future economic growth and employment creation in Russia will be private business, especially small and medium enterprises (SMEs). U.S. support for small and medium size businesses is paying dividends, as they have contributed to the impressive growth of the Russian economy over the last three years. U.S. assistance programs funded under the FSA 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 SMEs.

Although Russia's investment policies need significant improvement, opportunities already exist for U.S. exporters and investors in the vast Russian market. FSA-funded programs run by the Department of Commerce provide U.S. companies with information about these opportunities, and facilitate direct linkages with Russian partners.

Russian authorities recognize the threat to their economy presented by international crime, and they have turned to the U.S. and other Western partners for assistance in addressing these issues. The complexity of white-collar crimes, particularly corruption, money laundering, computer fraud and others, presents new challenges for Russian law enforcement. In FY 2004, U.S. law enforcement agencies will continue to work with their Russian counterparts through FSA-funded programs to improve Russia's capacity to combat transnational crime, focusing on counter-narcotics, border security, alien smuggling/trafficking and export controls.

Russia's growing problems in the field of public health are a threat to U.S. national security. Russia has the fastest rate of increase in HIV infection in the world. FY 2004 FSA funds will continue to support partnerships between U.S. and Russian hospitals. FSA funds will also help address the spread of multi-

drug-resistant strains of tuberculosis and of HIV/AIDS, promote better maternal and child health, support Russian orphans, and promote partnerships between community health organizations in the U.S. and Russia.

A successful transition in Russia depends on the strength of democratic institutions and civil society. Establishing democracy and rule of law on a solid footing will require sustained effort, particularly for critical national elections, such as the 2004 and 2008 presidential elections. Programs will seek to strengthen citizen action through programs supporting community initiatives, promotion of ethnic and religious tolerance, civic education and the independent media. FSA democracy programs are increasingly focused on the grassroots level, providing funding for small grants, legal support and training for non-governmental organizations (NGOs) and the independent media and exchange programs. The U.S. Government will continue to support alumni activities to maintain the investment it has made in Russians who have been to the United States on exchange programs. In FY 2004, funding for exchange programs will shift from the FSA account to the Educational and Cultural Exchanges (ECE) Account of the Bureau of Educational and Cultural Affairs, which administers State Department exchange programs. Exchange programs will remain an integral part of efforts to engage the next generation of Russian leaders, to promote democratic reform and economic development, and to help make information available by supporting public access Internet sites throughout Russia.

Humanitarian programs funded through the FSA will continue to facilitate the delivery of assistance donated through U.S. private volunteer organizations (PVOs) to target groups within Russia. In addition to addressing genuine humanitarian needs, FSA funding helps create and cement good relations between U.S. and Russian NGOs. However, complex and shifting Russian regulations governing the importation of humanitarian assistance and increasing reluctance by the government of Russia to accept humanitarian donations may decrease the amount of assistance delivered.

**Slovakia**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
FMF	7,750	9,000	8,000
IMET	845	950	950
NADR-EXBS	407	700	300
Peace Corps	616	0	0

NATO's invitation to Slovakia to accede to membership at the Prague Summit in November 2002 came as a result of substantial U.S. assistance designed to help Slovakia implement the democratic, economic, and military reforms required. With the Prague invitation, the United States has shifted its focus to assisting Slovakia to improve its ability to contribute to the Alliance as a future member. At the geographic center of Europe and a critical line of communication, Slovakia has continued to serve as a positive force for regional stability in Central and Eastern Europe (CEE). The United States encourages Slovakia's initiatives to share its success in democracy building and development of civil society with other countries in transition. Security Assistance funds will be used to strengthen Slovakia's ability to contribute to NATO peacekeeping missions - such as its units serving with KFOR, SFOR, and Operation Enduring Freedom. The United States has worked to speed the Slovak government's implementation of effective export control strategies to prevent transfer of arms to countries of concern and bolstering crime-fighting efforts to minimize the impact on the United States from CEE criminal organizations. The United States looks for continued efforts by the Slovak government to improve the business climate, including reducing corruption. Slovakia continues to be a stalwart partner in the fight against global terrorism.

The Slovak government coalition, which took office in October 2002, has continued its predecessor's commitment to democracy, reform and western-oriented policies. The United States recognized Slovakia's place in a democratic Europe by agreeing to extend membership in NATO while supporting the government's ambition to join the EU. Support for East European Democracy (SEED) program funding in past years was key to supporting the development organizations committed to democracy and rule of law. The get-out-the-vote programs, which were implemented by Slovak non-governmental organizations (NGOs) funded by SEED, EU and several European countries were key to re-electing a reform-minded government committed to democracy, a free market economy, and the protection of human rights. Slovakia has graduated from the bilateral SEED program and the EU will need to take the lead in providing assistance for economic and legal reforms that still need to be consolidated.

FY 2004 Foreign Military Financing (FMF) and International Military Education and Training (IMET) programs are essential tools for the implementation of Slovakia's multi-year military reform plan, which was heavily influenced by recommendations from a U.S.-funded defense study. Helping Slovakia, as a future NATO member, in its effort to create a modern, capable force that can ensure national defense and contribute to NATO operations is a major U.S. goal that will enhance regional stability. Slovakia's importance to NATO was shown during both the Kosovo and Afghanistan conflicts when overflight and transit rights that were crucial to the effective conduct of the military campaign were immediately granted by the Slovak government. Slovakia has deployed 100 troops to KFOR and two transport helicopters to SFOR. The contribution of an engineering unit to OEF further demonstrated the Slovak government's commitment to support the United States.

FMF assistance will emphasize force interoperability and inculcation of Western values and norms. FY 2004 FMF funds will support purchase of defense articles and services that target improvements in the areas of command and control, airspace sovereignty, communications, and night fighting capability for rapid

reaction forces, simulation and English language training, and continued assistance in defense reform and resource management. Specific projects include:

- Equipment for the training area at Lest, Slovakia. This training area will be connected to Slovak simulation networks for integrating command and staff training at remote locations.
- Development of an effective English Language Training (ELT) program based on defined language training requirements of its forces.
- HF/VHF radio station systems and communications software to replace aging Communist-era analog equipment that is not compatible with modern digital communications equipment used by NATO and PfP military forces. This is a massive effort, which will require until 2010 to fully implement. The end-state is that all Slovak high readiness force units will be capable of communicating among themselves and with NATO and other PfP forces.
- Night vision equipment to increase the tactical capabilities, combat effectiveness, and interoperability of the Army of the Slovak Republic. The Slovak Immediate Reaction Battalion requires thermal vision capability in order to operate effectively in the framework of NATO/PfP operations, or in conjunction with another international force.
- Modernization of current air sovereignty systems so that they are compatible and interoperable with NATO aircraft. This effort will include enhancing the capability of the Slovak Republic to exchange air picture information with NATO countries and increasing the capacity of the Slovak Republic to host aircraft from NATO countries.
- Improve capabilities in the area of Nuclear, Biological, and Chemical (NBC) operations, including modern NBC detection equipment to replace aging Communist era technology.

IMET will assist in the broad restructuring and development of the Slovak armed forces as outlined in the U.S.-funded defense study. IMET funds will continue to support personnel development and professionalization of the Slovak military and Ministry of Defense through training at U.S. facilities and with Mobile Education Teams in-country. This FY 2004 assistance will help Slovakia become a more capable partner in the region and as a future NATO member.

Slovakia will be eligible in FY 2004 to receive grant Excess Defense Articles (EDA) under Section 516 of the Foreign Assistance Act. The transfer of EDA will assist Slovakia in meeting defense requirements, enacting defense reforms, and furthering interoperability.

As part of its efforts to prevent the proliferation of weapons of mass destruction, their delivery systems, related technologies, and other weapons, the United States is providing Nonproliferation, Anti-terrorism, Demining, and Related Programs (NADR) Export Control and Related Border Security (EXBS) assistance funds for a cooperative program to assist Slovakia in further strengthening its export control system. In FY 2004, this funding is focused primarily on government-industry outreach to improve compliance with and enforcement of Slovak export control laws and regulations. FY 2004 NADR EXBS funds are also provided for an annual, regional conference to which countries in the region will be invited, and for a program advisor stationed at Embassy Bratislava who will work with Slovak officials to implement EXBS programs.

Slovakia was one of the first wave of graduates from bilateral SEED Act support. In light of Slovakia's continued progress in transition, modest regional funding will be discontinued in FY 2004.



**Slovenia**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Estimate	FY 2004 Request
FMF	4,000	5,000	4,000
IMET	827	950	950
NADR-EXBS	350	550	300

The United States seeks to encourage Slovenia's continued political and economic transition to a full-fledged Euro-Atlantic partner. In light of NATO's invitation to Slovenia at the Prague Summit in November 2002, the United States also focuses on assisting Slovenia achieve full participation in the Alliance. As a partner, Slovenia serves as a bridge between East and West, and plays a central role in exporting peace and stability to Southeast Europe. As a peaceful middle-income democracy, Slovenia is a stabilizing factor in a crisis-ridden area. Its eventual integration into and participation in Western institutions such as NATO and the European Union could be a force for peace, especially given Slovenia's cultural, historical, social and political ties with the states that constituted the former Yugoslavia.

The primary objectives of U.S. military assistance in Slovenia are to allow modernization and reform of Slovenia's military and to help the country toward its NATO Membership Action Plan 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 can also be 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 fledgling armed forces on those of the United States and other NATO Allies. Slovenia's sound economic situation has enabled it to fund a larger proportion of its defense reform needs, though U.S. assistance continues to play a critical role. The Ministry of Defense (MOD) has used previous-year FMF grant money to increase Slovenian interoperability by purchasing English language training, computer simulation center hardware and software, and small-unit infantry training equipment. Top priorities for Slovene FMF funds in FY 2004 are to improve the Slovene Armed Forces' (SAF) immediate combat readiness while promoting the objective of restructuring Slovene 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 C41 system by providing limited information-sharing/collection infrastructure.

International Military Education and Training (IMET) is a key assistance program of the U.S. regional strategy. Using IMET-financed training in Southeast Europe, 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 will be met through the provision of IMET opportunities 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 which 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 2004 IMET funding for Slovenia will assist development of a well-balanced force, which is trained and combat capable at all levels of leadership, 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 2004 funding is focused on improving licensing, enforcement, and industry outreach procedures and capabilities through the regional nonproliferation advisors. This assistance will also fund an annual conference to assist regional states implement past year funds and continue engagement on an ad hoc basis.

Slovenia was one of the first wave of graduates from bilateral Support for East European Democracy (SEED) Act support. In light of Slovenia's continued progress in transition, modest regional funding will be discontinued in FY 2004.

**Tajikistan**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
FMF	700	0	700
FMF-SUP	3,000	0	0
FSA	19,372	22,500	35,000
FSA/NIS-SUP	37,000	0	0
IMET	259	350	400
NADR-EXBS	0	50	300
NADR-EXBS-ERF	7,500	0	0
P.L. 480 Title II	6,344	0	10,400
P.L. 480 Title II-ERF	19,883	0	0

Tajikistan, a front-line state, shares a porous border with Afghanistan, which gives it special importance in the region in terms of interdicting terrorists and narcotics. This small nation faces daunting challenges: its young democratic institutions are underdeveloped and fragile and its economy remains crippled from the effects of a bitter five-year civil war fought just after emerging from Soviet domination. Tajikistan has supported Operation Enduring Freedom (OEF) unreservedly from the beginning and has pledged to continue to do so. The Government of Tajikistan (GOT) immediately offered overflight and landing rights and use of their air bases. Their assistance and cooperation has been quick and timely, as well as accommodating to our changing needs.

U.S. assistance enhances Tajikistan's territorial integrity and security, addresses dire humanitarian needs, and fosters democratic and economic reforms, which helps promote stability in a volatile and strategically important region. A stable, peaceful Tajikistan will help defend against the spread of radical groups and terrorists, and add to development in the region.

In FY 2004, the United States plans to build on the successes achieved over the last several years as its assistance shifts from a primarily humanitarian program to a broader development agenda. Programs will continue to provide security-related assistance particularly to prevent illicit trafficking, work with communities on conflict mitigation, strengthen primary health care, provide support for market reform and small and medium sized enterprises, strengthen civil society, and improve management of natural resources.

U.S. economic assistance under the FREEDOM Support Act (FSA) includes a conflict mitigation initiative, which brings groups together to address common concerns, provides technical assistance to strengthen democratic processes, creates new employment opportunities, improves social services, and funds community infrastructure projects. The quality primary health care program is working with the Ministry of Health to create a more cost-effective health care system that improves families' access to equitable, efficient, and quality primary health care services. The new family doctor system is based on the successful Kyrgyz Republic model and focuses on improving the quality, incentives, and the budgetary resources for primary health care services. Infectious diseases programs focus on fighting tuberculosis and malaria. The small and medium-sized enterprise program is helping to alleviate poverty through expanded business opportunities and employment creation, with new expansion in the Ferghana Valley. U.S. technical assistance is helping specialists to better manage water and energy resources and repair irrigation systems and improve on-farm water management practices.

U.S. democracy assistance under the FSA will continue to support the development of civil society in Tajikistan through strengthening political parties and providing a network of support centers for NGOs and community associations and through direct grants to non-governmental organizations (NGOs). Democracy programs will also promote civic education in high schools, increase access to information via the Internet and independent media, work with the Parliament to increase its effectiveness and responsiveness to citizen interests, and support legal education and associations. In FY 2004, exchanges, training, and partnership programs of the Bureau of Educational and Cultural Affairs previously funded through FSA will receive funding through the Educational and Cultural Exchanges (ECE) account.

The new basic education sector-strengthening program 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 and learning 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. USAID is preparing to design a program to address this challenge in Central Asia. The new program is proposed to be operational in FY 2004 and will focus on prevention and victim protection.

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. The United States intends in FY 2004 to continue Export Control and Related Border Security Assistance (EXBS) financed under the FSA and Nonproliferation, Anti-terrorism, Demining, and Related Programs (NADR) accounts, and FSA-funded International Narcotics and Law Enforcement assistance. The EXBS program will address all aspects of Tajikistan's export control system to prevent, deter, detect, and interdict weapons proliferation, with a focus on institutionalizing effective inspection and detection training for border control personnel. Communications and other equipment will bring the Tajik Border Guard up to minimal operating standards and give them a critical communications capability, especially along the non-Russian patrolled sections of the Tajikistan-China border. EXBS assistance to the Tajik Border Guards and Customs Service will also expand, including the provision of basic winter uniforms to the Border Guards and vehicle/cargo inspection toolkits to the Customs Service.

Following Tajikistan's accession to the Moscow-based International Science and Technology Center in early FY 2003, there is NADR funding programmed in FY 2004 for peaceful research projects conducted by former Tajik WMD scientists. The Civilian Research and Development Foundation funded under the FSA also will continue to provide small travel grants for scientific projects and conferences to help prevent proliferation of weapons expertise and integrate Tajik scientists into the international scientific community.

With Tajikistan's removal from the International and Trafficking and Arms list (ITAR) in December of 2001, their Ministry of Defense (MOD) became eligible for military assistance. Engagement in the areas of English language education and an expansion of direct military-to-military events between the Tajik Ministry of Defense and U.S. Central Command will continue to grow. In FY 2002, Tajikistan's MOD received \$3.7 million in Foreign Military Financing (FMF) funding that they have allocated for the purchase of desperately needed medical equipment and uniforms for their soldiers. Future plans should continue to provide basic necessities.

Tajikistan will be eligible in FY 2004 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 NATO interoperability.

International Military Education and Training (IMET) funds provided in FY 2004 will be used to educate and expose the armed forces and civilian officials to Western concepts of democracy, rule of law, human rights, and free markets, with the goal of exposing the Tajik military to Western standards and doctrine as well as transforming their military from a Soviet-era to one more appropriate for contemporary threats. Tajikistan's IMET budget will continue to focus on English language Mobile Training teams and attendance at English-language and military training courses in the United States. Additional assistance will help the MOD teach their soldiers and officers English. English language labs will be sustained, one in the Ministry of Defense and one in the Military Lyceum.

A focus on institution-building and development will continue to characterize U.S. efforts in Tajikistan in the areas of law enforcement enhancement and judicial reform, particularly with regard to efforts to enhance the Government of Tajikistan's ability to interdict the flow of illegal narcotics out of neighboring Afghanistan. Previously-appropriated 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. Funding will be sought in FY 2004 to continue such programs, and, in particular, to ensure the continued operation of the DCA as the means by which it may become self-sustaining are explored.

In FY 2004, humanitarian assistance to Tajikistan under the FSA will target the most vulnerable members of society through the delivery of medicines, medical supplies, food and clothing.

**Turkey**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
ESF	0	0	200,000
ESF-SUP	200,000	0	0
FMF	0	17,500	50,000
FMF-ERF	20,000	0	0
FMF-SUP	28,000	0	0
IMET	2,756	2,800	5,000
NADR-EXBS	1,000	600	600
NADR-EXBS-ERF	1,200	0	0

Turkey is a coalition partner in the war on terrorism, strategically located at the nexus of Europe, the Middle East, and Central Asia, and bordering Iran and Iraq -- countries that pose military, terrorist, and strategic threats to the United States. Turkey is a key NATO ally, and in the aftermath of September 11, was one of the first countries to demonstrate strong support for Operation Enduring Freedom (OEF), granting overflights and use of its airbases, and offering 90 Special Operations Forces troops. Turkey maintains substantial military forces that contribute significantly to regional security. For example, it was one of the first countries to provide troops for Phase I of the International Security Assistance Force (ISAF) in Afghanistan, and assumed the leadership of ISAF in June 2002 for a six-month period. When the Germans and Dutch could not take over command in December 2002, the Turks agreed to stay on until February 10, 2003. U.S. bases and other facilities on Turkish soil are an important element in the ability of the United States to maintain the security of the region and of its allies in it.

Turkey decided to provide critical support for the war on terrorism and OEF operations despite the fragile state of the economy. In FY 2004, Economic Support Funds (ESF) will help to mitigate the economic stress Turkey is experiencing as a result of its support for combating international terrorism. That stress is compounded by Turkey's substantial debt servicing requirements, as it struggles to implement its ambitious IMF-supported economic reform program. The transfer of ESF funds to Turkey will help to meet urgent financing needs, contribute to internal stability, and demonstrate continuing U.S. support.

The Foreign Military Financing (FMF) Program plays an essential role in helping Turkey to modernize its substantial military forces and keep them fully compatible with those of other NATO allies. Turkey requires additional U.S.-origin equipment and services needed to continue its outstanding level of support to OEF and the war on terrorism. This equipment and these services have the added benefit of furthering 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 the war on terrorism, peacekeeping, humanitarian, and other operations.

The International Military Education and Training (IMET) program for Turkey is growing substantially and will continue to do so in FY 2004. As instability in the Middle East persists and NATO expands, the need for a well trained, U.S.-oriented Turkish officer corps becomes ever greater. IMET is the best way for the Turkish officer corps to obtain the professional skills, including in the English language, and outlook that will increase Turkey's value as a trusted ally of the United States.

As part of our efforts to prevent 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. NADR funding in FY 2004 is designed to provide training for export control enforcement officers at the border on tetection, targeting, and inspection techniques and the upgrade and expansion of the radiation detection program.

**Turkmenistan**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
FMF	0	700	700
FSA	7,398	7,000	8,000
FSA/NIS-SUP	4,000	0	0
IMET	388	450	450
NADR-EXBS	0	50	200
NADR-EXBS-ERF	7,000	0	0
Peace Corps	893	1,460	1,795

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. Turkmenistan has the world's fourth largest gas reserves and significant oil reserves. U.S. assistance to Turkmenistan seeks to enhance its territorial integrity 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; nevertheless it is strongly in U.S. interests to remain engaged in areas where we share common interests, and to continue programs that provide tangible improvements to the lives of ordinary citizens. In FY 2004, the United States plans FSA-funded programs that will improve primary health care, strengthen democratic culture among citizens, and improve the management of water and energy resources.

U.S. economic assistance under the FSA focuses on improving health care, controlling tuberculosis and other infectious diseases, preventing the spread of HIV/AIDS, and improving maternal and child health services. Two hundred 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.

Due to the difficult business environment, USAID has discontinued its micro-credit activities in Turkmenistan. The remaining economic development program provides technical assistance and training to entrepreneurs, agricultural producers, and self-governing associations. USAID also supports seminars on commercial law to lawyers, law students, and entrepreneurs.

Due to the closed nature of the country and President Niyazov's authoritarian rule, democracy programs are directed at providing support to nascent civil society organizations and thereby increasing the level of involvement of citizens in their communities. Work with this sector is very difficult because of ongoing interference by the government. In addition to supporting the struggling civil society organization, the primary avenue for democracy assistance continues to be providing exchange opportunities for the youth of Turkmenistan with the goal of exposing them to U.S. democratic culture and values. The government practice of requiring exit visas for all Turkmen citizens traveling abroad was lifted last year. In FY 2004, exchanges, training, and partnership programs of the Bureau of Educational and Cultural Affairs previously funded through FSA will receive funding through the Educational and Cultural Exchanges (ECE) account.

In FY 2004, the United States intends to continue bilateral assistance for Turkmenistan under the FSA and Nonproliferation, Anti-terrorism, Demining, and Related Programs (NADR) accounts in the areas of export control and border security, and preventing terrorism and weapons smuggling. These issues are of



particular concern in Turkmenistan, which lies along centuries-old trade and smuggling routes between the North Caucasus and Southwest Asia. Nonproliferation assistance will continue to focus on the Export Control and Related Border Security Assistance (EXBS) program to enhance Turkmenistan's capabilities to deter, detect and interdict weapons proliferation. This assistance will include communications, transport/patrol assets, surveillance and detection equipment, export control, legal, licensing, and regulatory training, and other border security infrastructure support. In addition, EXBS assistance will support maritime border security including patrol craft, spares, repairs, and additional training on the 82-foot U.S. Coast Guard patrol boat provided under the Excess Defense Articles (EDA) Program to the Government of Turkmenistan in FY 2000.

The United States intends to continue assistance in FY 2004 to Turkmenistan under the Anti-Crime Training and Technical Assistance (ACTTA) Program. Previously appropriated funds have been provided to assist the Government of Turkmenistan in establishing a criminal forensics lab. We have also planned to provide funds in support of counter-narcotics programs managed by the UN Drugs and Crime Program (UNDCP) on Turkmenistan's southern border. Further assistance will be sought in FY 2004 to continue support for such counter-narcotics efforts on Turkmenistan's borders, and, should the opportunity arise, to assist the Government of Turkmenistan in establishing counter-narcotics units with enhanced capabilities.

Turkmenistan has received minimal levels of Foreign Military Financing (FMF) and International Military Education and Training (IMET) assistance in the past. In FY 2004 we plan to build on these programs and increase assistance for defense articles and services to facilitate interaction between U.S. and Turkmen military forces. Assistance will include communications gear and training. IMET assistance will continue to support sending Turkmen officers to the United States for English language instruction and professional development for junior to mid-level officers. IMET funds provided in FY 2004 will be used to educate and expose the armed forces and civilian officials to Western democracy, and the concepts of rule of law, human rights and free markets.

Turkmenistan will be eligible in FY 2004 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 2002 Actual	FY 2003 Request	FY 2004 Request
FMF	4,000	4,000	3,000
FSA	154,937	155,000	94,000
IMET	1,638	1,700	1,700
NADR-EXBS	800	2,620	1,500
NADR-SALW	0	430	500
Peace Corps	4,252	4,723	5,410
PKO	1,000	0	0

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.

The FY 2004 request for FREEDOM Support Act (FSA) funding is significantly lower than the FY 2003 request. This is intended as the first step toward the "graduation" of Ukraine from FSA assistance in coming years. We are developing a multi-year strategy that aims to leave behind a legacy of sustainable institutions that can continue to promote civil society development and economic growth.

In FY 2004, FSA funds will be used to support private enterprise development, with a particular focus on small and medium-sized businesses, the agricultural sector, and improving the regulatory environment for both domestic and foreign investors. FSA funding also will support the government's efforts to implement economic reforms necessary to accede eventually to WTO and join the EU as an end goal. Funds will be used to broaden Ukraine's growing civil society, foster participatory democracy, and buttress the independent media, which in 2002 came under growing censorship pressure from the government. Support for legal reforms and improvements in law enforcement will also be funded. The United States plans to continue a range of security-related programs to promote U.S. non-proliferation goals, especially improving Ukraine's export controls in light of the 2002 Kolchuga affair, as well as to enhance civilian nuclear safety controls.

Ukraine's long-term political stability is closely linked to its economic prosperity, and especially to the rise of a broad entrepreneur middle class. In FY 2004, FSA funding will be provided for technical assistance to the Government of Ukraine (GOU) to assist in the preparation of laws and regulatory codes to establish a market-oriented commercial legal framework. The bulk of FSA economic-related assistance will go to the non-governmental sector. This assistance will help private enterprises become more competitive and efficient through programs to improve credit availability and promote international accounting standards, corporate governance and shareholder rights. Particular attention will be paid to the development of small and medium businesses, the most likely source of long-term sustained innovation and growth, and potentially important proponents of government transparency and accountability. Already a critical mass of privatized enterprises has been restructured.

FSA funds will also focus on the agriculture sector, continuing land privatization and support for newly emerging private farms, and deepening technical assistance to commercial banks for mortgage and long-

term lending to help fund farmers' purchases of agricultural equipment. FSA funds also will support further development of small and medium enterprises in the agricultural economy. U.S. privatization efforts have contributed to an impressive growth in agricultural output three years in a row. In the energy sector, FSA assistance will focus on development of a competitive wholesale electricity market to improve the sector's performance. In addition, if policy conditions permit, limited assistance may be provided to stimulate further privatization of Ukraine's generation and distribution systems to attract external capital to finance needed investment for modernization and replacement.

The media environment in Ukraine deteriorated in the second half of 2002. The government, in particular the presidential administration, attempted to censor media reports and placed other forms of pressure on media outlets and individual journalists. These actions threaten short- and long-term democratic process in Ukraine. Therefore, in FY 2004, we will focus increased resources on strengthening local non-governmental organizations (NGOs) and independent media that serve as watchdogs over the government's activities and articulate public interests. In addition, funding will continue for legal and financial support and training for independent media. FSA funding will also expand public access Internet sites throughout Ukraine, support grassroots activism aimed at community empowerment, and expand programs oriented toward the next generation of Ukrainian leaders.

In FY 2004, exchanges, training, and partnership programs of the Bureau of Educational and Cultural Affairs previously funded through FSA will receive funding through the Educational and Cultural Exchanges (ECE) account.

In the area of law enforcement assistance, U.S. objectives include assisting Ukraine in combating money laundering, enforcing intellectual property rights, and improving its ability to secure its borders from criminal activities such as narcotics smuggling and trafficking in persons and commodities.

In FY 2004, both FSA and Non-Proliferation, 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 2004 assistance.

The Export Control and Related Border Security Assistance Program (EXBS) funded under FSA and NADR 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 2004, 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 enforcement training, surveillance, detection, interdiction and automation equipment, and advisory assistance and liaison through the resident EXBS advisor. This assistance directly complements our overarching policy to help Ukraine combat corruption and organized crime.

Ukraine is home to a large number of scientists who have worked on WMD. The United States and Ukraine Governments have strong interests in providing alternative peaceful employment for such scientists to prevent the proliferation of this expertise. FSA funds for the U.S. Civilian Research and Development Foundation (CRDF), and NADR funds for the Science and Technology Center in Ukraine and other nonproliferation programs will help redirect former WMD scientists to civilian research, development and commercial activities.

The Department of Energy will continue programs to safeguard nuclear facilities (including nuclear power plants), material, and transportation, a critical U.S. interest. The United States played an important role in helping to fund the closure of Chornobyl, which took place in December 2000. In FY 2004, FSA funds will continue to contribute to the construction of the Chornobyl sarcophagus, thus enhancing nuclear safety.

International Military Education and Training (IMET) assistance we seek will provide English language training, professional military education, and training for non-commissioned officers to enhance Ukraine's military interoperability with U.S. and NATO security structures and support military reform. Foreign Military Financing (FMF) funds will support procurement of equipment and services to enhance its command, control and communications capabilities (such as computerization of peacekeeping training facilities and recruitment centers, and communications systems), mobility, logistics, and other support functions. The listed procurement will allow Ukrainian forces to operate more effectively alongside U.S. and NATO partners in real-world peacekeeping operations, humanitarian activities, and other exercises.

Ukraine will be eligible in FY 2004 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act (FAA). Transfer of EDA will assist Ukraine to meet its defense requirements and further NATO interoperability.

As in other Eurasian countries, segments of the Ukrainian population, including the victims of Chornobyl, are in dire need of humanitarian assistance. FSA-funded humanitarian programs have traditionally delivered a substantial amount of targeted assistance to those in greatest need in the form of medical supplies and equipment, pharmaceuticals, food, and clothing. Humanitarian commodities are provided through U.S. private volunteer organizations, private donations or through the Department of Defense Excess Property Program. It is anticipated that this humanitarian assistance to Ukraine will continue in FY 2004 at the same level, targeting the most vulnerable members of society through programs executed by private voluntary organizations. Also in FY 2004, FSA funds will support programs to help fight HIV/AIDS and tuberculosis.

Awash in excess small arms/light weapons (SALW) since the end of the Cold War, Ukraine has proved to be a source of arms being transferred to embargoed groups and governments in Africa and South America. NATO/PfP authorities have identified over 1.5 million excess SA/LW and over 133,000 tons of unsafe and unserviceable ammunition in Ukraine. A Greek-led effort to support destruction through the PfP Turst Fund is expected to cost approximately \$11 million. We expect an initial U.S. contribution to this effort in FY 2003 with additional funds in FY 2004.

**Uzbekistan**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
FMF	207	8,750	10,000
FMF-ERF	25,000	0	0
FMF-SUP	11,000	0	0
FSA	29,190	31,500	42,000
FSA/NIS-ERF	54,500	0	0
FSA/NIS-SUP	34,500	0	0
IMET	880	1,200	1,600
NADR-EXBS	300	1,200	1,400
NADR-EXBS-ERF	4,000	0	0
Peace Corps	828	1,952	2,461

Uzbekistan is a key strategic partner in the war on terrorism and one of the most influential countries in Central Asia. It has allowed U.S. and Coalition forces to use a base in Karshi-Khanabad and has been supportive of U.S. foreign policy goals. It routinely votes with the United States at the UN and is the first country worldwide to bring into force the Article 98 agreement. Since September 11, the U.S.-Uzbekistan bilateral relationship has intensified and broadened to include not only cooperation on security issues, but human rights, political, and economic issues. While the Government of Uzbekistan has taken positive steps on human rights, economic and political reform, there have also been some disappointments. Reforms in these areas will not only lead to a more stable and prosperous Uzbekistan but also improve conditions and contribute to stability in the entire region.

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.

FY 2004 security assistance will continue to enhance military cooperation between Uzbekistan and the United States, as well as with NATO and Uzbekistan's Central Asian neighbors through the Warsaw Initiative and Uzbekistan's active participation in the Partnership for Peace (PfP). Increased Foreign Military Financing (FMF) in FY 2004 will enhance Uzbekistan's defense capabilities, counterinsurgency capability and establish greater interoperability between Uzbek, U.S., and international forces. FMF will also support joint peacekeeping initiatives with Kazakhstan, the Kyrgyz Republic, and NATO forces. Assistance will include individual soldier equipment (including boots, uniforms, cold weather gear, tents, etc); command, control and communications equipment; crew-served weapons (military equipment that provides protection or support for personnel); ammunition; transportation equipment (spares, repairs and maintenance); infrastructure upgrades; organizational equipment; and training and support including petroleum, oil and lubricants (POL).

Increased International Military Education and Training (IMET) assistance will continue to foster greater professionalism of Uzbekistan's military leadership, including greater respect for and understanding of the principle of civilian control of the military, improved military justice systems and procedures, and effective defense resource management. IMET training will also include substantive training relating to human rights and the military. This training and education is critical to U.S. objectives of security and military reform in Uzbekistan. English language training in past years has enabled closer, more fluid cooperation, particularly in relation to Operation Enduring Freedom and current cooperation on counterterrorism.

Uzbekistan will be eligible in FY 2004 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Transfer of EDA will assist Uzbekistan in meeting defense requirements as well as further inter-operability with NATO. The Department of Defense Cooperative Threat Reduction program will continue the demilitarization of the former chemical weapons facility in Nukus and improve the security of dangerous pathogen collections stored at scientific institutes throughout Uzbekistan.

In FY 2004, the United States also will continue to provide security-related assistance for Uzbekistan 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 funded under the FREEDOM Support Act (FSA) as well as the Nonproliferation, Anti-terrorism, Demining, and Related Programs (NADR) accounts will continue to help prevent the proliferation of weapons of mass destruction (WMD) and weapons technology and expertise.

The Export Control and Related Border Security Program (EXBS) will continue to help halt the proliferation of weapons of mass destruction, their delivery systems, related technologies, and other weapons by assisting the government of Uzbekistan (GOU) to detect, deter, prevent, and interdict illicit trafficking in such items and transfers to end uses and end-users of proliferation concern. The EXBS program in Uzbekistan will continue to provide a wide range of nonproliferation 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.

The Department of Energy (DOE) will continue its funding for nuclear material protection, control and accounting through the Institute of Physics in Tashkent. Uzbekistan will also become the first participant in DOE's program to ship spent nuclear fuel back to Russia for consolidation and safeguarding.

Former Uzbek weapons scientists continue to actively and successfully seek U.S. funding for peaceful research grants through several programs. In 2001, Uzbekistan became a full and active member of the Science and Technology Center in Ukraine (STCU), which is supported with Department of State NADR funds. Former Uzbek weapons scientists garnered \$5 million in scientific research grants from STCU in FY 2002 and additional funding for joint U.S.-Uzbek scientific endeavors and support of Regional Experimental Support Centers from the FSA-funded Civilian Research and Development Foundation. We expect to continue this activity although at a reduced level. The U.S. Department of Agriculture also will continue to be actively engaged through the STCU in working on plant and animal research projects with biological weapons scientists in Uzbekistan.

The NADR-funded Antiterrorism Training Assistance (ATA) program 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 war against terrorism.

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. Funds requested in FY 2004 will continue to support such cooperation under the Anti-Crime Training and Technical Assistance (ACTTA) Program. The funding will also support efforts to reform the criminal code, strengthen the independence of the judiciary, restructure the procuracy and strengthen the role of defense advocates. Previously-appropriated funds have been provided for the U.S. Drug Enforcement Administration (DEA) to support the creation of a specially vetted counter-narcotics unit. The unit will provide training and equipment to support counter-narcotics efforts and, enhance the capability of law

enforcement agencies to address financial crimes. The program will also fund a demand reduction program.

In FY 2004, the United States plans to continue programs for conflict prevention and water management. U.S. assistance supported macro-economic reforms undertaken by the Government of Uzbekistan, although progress on remaining difficult economic reforms, such as allowing free convertibility of the currency, will determine whether U.S. assistance will continue to include macro-economic advisors. Programs designed to improve the environment for the growth of small and medium enterprises include business training and advisory services, accounting reform, micro-finance, and strengthening of economics and business education in higher education institutions. Conflict prevention assistance will bring local groups together to address common concerns, improve social services, fund community infrastructure projects and provide short-term employment.

U.S. assistance under the FSA will continue to strengthen primary health care, fight infectious diseases including HIV/AIDS and tuberculosis, and improve maternal and child health services. The natural resources management program seeks to improve Uzbekistan's management of its water and energy resources. The program includes training for water management officials, installation of on-farm water management demonstration models, 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 resources.

Democracy assistance under the FSA focuses primarily on strengthening non-governmental organizations 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. In FY 2004, we hope to build on the Uzbek government's stated plans to carry out democratic reforms. Our assistance will continue to pursue the longer-term goal of building constituencies for democratic reform among the broader population. FSA-funded programs will expand access to information via the Internet and through work with the independent media. We will continue to bring Uzbek youth and professionals from a range of fields to the United States for short- and long-term exchange programs. In FY 2004, exchanges, training, and partnership programs of the Bureau of Educational and Cultural Affairs previously funded through FSA will receive funding through the Educational and Cultural Exchanges (ECE) account.

In FY 2004, humanitarian assistance to Uzbekistan under the FSA will target the most vulnerable members of society through delivery of medicines, medical supplies, food and clothing.

**OSCE Regional - Europe**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Estimate	FY 2004 Request
PKO	12,275	14,550	9,300

The Organization for Security and cooperation in Europe (OSCE) is a 55-member organization based in Vienna. Its participating States span an area from Vancouver to Vladivostok. Each member has equal status, with decisions made by consensus. Promoting regional and, especially, sub-regional stability is the core task of the OSCE. The organization achieves this objective in a number of ways. Among the most valuable and effective are its field missions.

The United States pays for a share (13.57% for large missions; 9% for small missions) of OSCE operations with Peacekeeping Operations (PKO) funds which support U.S. goals of preventing destabilizing conflicts in the former Soviet Union, resolving certain on-going disputes, containing and reducing instability in the Balkan states and Caucasus, assisting with post-conflict rehabilitation, combating trans-national threats to stability, and implementing measures against terrorism. OSCE also provides a rapid crisis response capability through the Rapid Expert & Assistance Cooperation Team (REACT) program, and undertakes responsibilities as called for under the Dayton Agreement. OSCE stabilization efforts help prevent conflicts and unrest that can be exploited by terrorist groups.

The bulk of the FY 2004 Peacekeeping Operations (PKO) funds for European Regional programs is intended to fund the U.S. share of the OSCE's institutions and field missions and the REACT program, which provides for deployment of crisis intervention teams. It also funds some 100 seconded American citizens working in the OSCE's 20 field missions. The remaining funds will be used to fund election observation efforts and other operations as needed. The day-to-day work of the OSCE field missions varies depending on the individual mission mandates agreed upon by the OSCE Permanent Council. All of the mission activities are in support of the OSCE's core mission of early warning, conflict prevention, crisis management and post-conflict rehabilitation, and are focused on the economic, environmental, human and political aspects of security and stability.



**Regional FSA**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
FSA	62,681	67,000	55,000
FSA/NIS-ERF	6,000	0	0

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 spread of narcotics trafficking and other transnational crimes. These programs promote regional cooperation and stability by providing technical assistance, funding exchange programs, and providing opportunities for citizens of the region to work together to promote economic restructuring and democratic reform.

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 from the Nagorno-Karabakh conflict. Support for refugees and IDPs also comes from Eurasian regional programs.

The Peace/Reform Fund enables the U.S. Government to respond quickly to targets of opportunity such as peace settlements and the appearance of signs of genuine commitment to reform on the part of regional governments. The Peace/Reform Fund is also used to augment projects that perform very well during the year and require additional support.

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 enterprise, greater regional cooperation, 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 expertise in the field of weapons of mass destruction (WMD) to peaceful activities and enhance the ability of regional states 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, Department of State and Department of Agriculture 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 regional states combat narcotics

trafficking, reduce the likelihood of international terrorist operations, and improve human-rights practices in criminal justice institutions.

**Regional SEED**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
SEED	74,139	60,000	51,000

Support for East European Democracy (SEED) regional programs promote economic restructuring, democratic transition, and social stability in Southeastern Europe (SEE). A stable, prosperous, and democratic SEE region will promote U.S. investment, reduce the need for future U.S. expenditures to restore peace, and help minimize the impact of terrorism and international crime on the U.S. and its citizens.

In FY 2004, SEED regional funding will reflect a focus on Southeast Europe (SEE) and help stabilize, transform, and integrate the area--the scene of two major wars over the past ten years and lagging social and economic reforms--into the transatlantic and European mainstream. Augmenting bilateral efforts, programs will be targeted to increase trade and foreign investment, promote greater cooperation among the countries of the region, combat terrorism, international crime, trafficking in persons, and corruption, and strengthen democracy and rights for ethnic minorities.

Through this program, the United States funds technical assistance, leverages significant new funding from other donors, and makes important legal or regulatory gains, for example in developing a regional electrical grid attractive for investment and supporting the process of trade integration through bilateral free trade agreements. Funding will support the U.S. goal of helping countries in the region develop the capacity for domestic war crimes trials, in coordination with the International Criminal Tribunal for the former Yugoslavia's completion strategy. SEED will also support the OSCE's "Human Dimension and Economic Dimension" programs that shore up SEE government institutions in an effort to minimize the need for traditional peacekeepers. Law enforcement programs will support regional efforts to combat organized crime, terrorism, and trafficking in persons, and will strengthen border and customs controls, in addition to supporting the International Law Enforcement Academy in Budapest, Hungary. Through SEED contributions to regional organizations such as the Stability Pact and the Southeast Europe Cooperative Initiative, the U.S. will leverage significant additional resources from European and non-European donors. Active U.S. participation in these initiatives helps ensure a focus on top priorities for the U.S., including organized crime and corruption, trafficking in persons, independent media, and an improved investment climate in the region. In addition, regional funding allows rapid response, if needed, for crisis management.

Through democratization programs, SEED regional funds will strengthen the rule of law and local governments, and build civil society through non-governmental organizations (NGOs) and the media. Economic reform programs will spur the growth of small and medium-sized enterprises through increased availability of financing and decreasing the investment risk to U.S. firms considering investments in the region.

Regional funding is also devoted to a number of congressional earmarks in HIV/AIDS and other health areas, and funds other congressional directives.

Given the success of SEED graduate countries, regional funding will be discontinued to these countries in FY 2004.

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NEAR EAST

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**Algeria**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Estimate	FY 2004 Request
IMET	67	550	550
P.L. 480 Title II	2,009	0	0

The Algerian government is an important partner in the war against terrorism. Algeria has fought its own decade-long war against extremist groups, some of whom have threatened the United States and our allies. Algeria pursues active diplomatic engagement in the region, and has been a key player in the resolution of African conflicts. It is a major supplier of oil and gas to Europe and the United States, and hosts the third largest level of U.S. investment in the Arab world after Saudi Arabia and Egypt. The U.S. has an interest in helping the Algerian military to increase its effectiveness in fighting terrorism and improving interoperability with U.S. and allied forces. Engagement with the Algerian military also strengthens regional stability by promoting an open democracy, economic reform and security in Algeria.

Terrorist violence affected Algeria annually from 1992 through 1998 but has since diminished. Military operations against pockets of radical armed groups in rural areas are expected to continue for the foreseeable future. Major towns and cities and much of the south are free of violence. However there have been domestic disturbances in parts of the country stemming from the Berber community's effort to obtain greater recognition of its identity and economic needs, and in 2002 Berber activists enforced a boycott of national and local elections in predominantly Berber-areas. The government is stressing reconciliation, openly addressing human rights concerns, and accepting democracy training. Cabinet ministers with strong economic reform credentials have made some progress in guiding Algeria's transition to a market economy, but serious institutional and social barriers remain. Such developments present the U.S. with significant challenges, but also with major economic opportunities.

The International Military Education and Training (IMET) program will help military leaders in Algeria understand the United States, and increase their support for U.S. policy. The program increases awareness of international norms of human rights and fosters greater respect for the principle of civilian control of the military. In FY 2004, \$550,000 in IMET funds will be used to send Algerian officers to key Professional Military Education (PME) courses as well as selected technical training courses. Training in FY 2004 includes Command and General Staff College, logistics and intelligence staff courses, maritime and aviation training and specialized English language training. Placing Algerians in our PME courses, such as staff colleges, gives the U.S. an opportunity to encourage reform within an Algerian military establishment gradually moving along a path toward greater pluralism and respect for civilian authority. In such a setting, these officers can establish one-to-one contacts with U.S. counterparts that pay invaluable rewards later in the form of interoperability, coordination and mutual understanding. Increased IMET-funded English language training will also improve the Algerian military's interoperability with U.S. forces, facilitates interaction in potential future contingency operations such as peacekeeping missions, and prepares them for increased training opportunities.

**Bahrain**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Estimate	FY 2004 Request
FMF	0	0	25,000
FMF-SUP	28,500	0	0
IMET	395	450	600

In 2001, the President 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 NAVCENT, 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 Afghanistan, Multinational Interception Force (MIF) activities that prevent illicit smuggling of Iraqi oil 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 our foreign policy objectives. A member of the coalition against Iraq since 1990, it has remained a strong supporter of U.S. policies toward Iraq. During its recent tenure on the UN Security Council (2000-02), Bahrain supported U.S. objectives throughout the region. Since the attacks on the Pentagon and World Trade Center, Bahrain has also been a key supporter of our war on terrorism. Bahrain responded positively to all U.S. requests connected to Operation Enduring Freedom (OEF), and donated its sole frigate to provide humanitarian support for Afghan relief. U.S. political and military support and cooperation helps encourage the political and economic reforms fostered by the King and Crown Prince. In October 2002, Bahrainis elected the lower house of the National Assembly by universal suffrage. Women candidates ran for national office in those elections -- a first for any Gulf Cooperation Council member state.

U.S. security assistance programs -- Foreign Military Financing (FMF) and International Military and Education Training (IMET) -- support the United States' national interest in maintaining stability in the Gulf, promote interoperability and understanding with U.S. forces, and buttress Bahrain's defensive capabilities. Bahrain received FMF for the first time in FY 2002 as part of the supplemental appropriations request. While the FY 2002 allocation funded the purchase of a critical air defense radar system, FY 2004 FMF funding of \$25 million will make important related weapons upgrades and the further development of a truly integrated air defense network possible. Increased air defense coverage results in increased security not only for Bahrain but also for U.S. and coalition forces. The FY 2004 IMET increase from \$450 to \$600 thousand will allow more Bahrainis to attend Professional Military Education (PME) courses in the U.S. Bahrainis regularly attend U.S. service war colleges, command and staff colleges, and other key PME courses. Bahraini attendance at key PME courses has fostered important one-to-one relationships that are paying invaluable rewards in the form of interoperability, coordination and mutual understanding. Moreover, the IMET program increases awareness of international norms of human rights and fosters greater respect for the principle of civilian control of the military, the rule of law, and helps encourage the political reform already underway in Bahrain. Bahrain is also eligible to receive U.S. Excess Defense Articles (EDA) under section 516 of the Foreign Assistance Act.



**Egypt**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Estimate	FY 2004 Request
ESF	655,000	615,000	575,000
FMF	1,300,000	1,300,000	1,300,000
IMET	1,217	1,200	1,200
NADR-EXBS	50	135	250
P.L. 480 Title II	3,839	0	0

As the most populous country of the Arab world and an important supporter of Middle East peace efforts, Egypt is a key partner in the region. Egypt has aided U.S. efforts to fight international terrorism with public support, logistical assistance, financial cooperation, and diplomatic cooperation. U.S. national security interests are served by supporting stability and prosperity in Egypt. A critical element of this will be working to ensure expanded political, economic, and educational reform in Egypt.

Egypt plays pivotal roles in the Arab world, the Muslim world, Africa, and the Mediterranean basin. The FY 2004 request of \$1.3 billion for Egypt in Foreign Military Financing (FMF) will continue to support a modern, well-trained Egyptian military that will help ensure stability in the region, enable Egypt to participate as a coalition partner in operations that further U.S. interests, provide force protection to the U.S. military in the region, and help maintain U.S. access to the Suez Canal and overflight routes used to support our forces in the Gulf. Egypt's 5-year plan currently calls for no new large acquisitions. We expect that any new acquisitions will be small and that most funding will go to follow-on support requirements and existing cash flow obligations.

Training of Egyptian military personnel provided by the \$1.2 million in requested FY 2004 International Military Education and Training (IMET) funds will continue to play a critical role in the professional and technical development of the Egyptian defense forces. Egypt sends students to Professional Military Education (PME) courses including U.S. service war colleges, command and staff colleges, and other key PME courses. Egyptian attendance at key PME courses helps foster one-to-one relationships that benefit the U.S. by improving U.S.-Egyptian military interoperability and coordination. IMET-funded maintenance, logistics and specialist training provides military leaders with the skills needed to maintain Egypt's stocks of U.S. equipment, and enhances Egypt's value as a training and coalition partner capable of supporting U.S. operations. Egypt will continue to be eligible to receive Excess Defense Articles (EDA) in FY 2004 on a grant basis under Section 516 of the Foreign Assistance Act.

Egypt needs to reinvigorate its economic development if it is to remain capable of sustaining its role as a reliable partner in the region. It also needs to undertake increased political reform to open the public space for debate, support civil society institutions, and promote respect for the rule of law. Economic Support Fund (ESF) assistance helps Egypt continue the process of transforming its economy into a globally competitive one that can provide jobs and opportunities for its people. At the same time, our assistance program in Egypt helps to alleviate poverty, supports the development of democratic institutions, expands U.S. exports, bolsters public health services and family planning, and helps Egypt protect its environment.

The Department of State and USAID are conducting 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. This review will ultimately entail significant changes in the level of funding of the programs, projects, and activities described in this Budget Justification. After completion of the joint review USAID will notify the Congress through established procedures prior to obligating funds for any revised efforts.

Of the ESF requested for FY 2004, between \$360 and 400 million will be used for the Commodity Import Program and the Development Support Program, a cash-transfer mechanism designed to foster economic reform. The remaining funds will be used for technical assistance aimed at improving the business and investment climates, increasing agricultural productivity, increasing exports in targeted sectors, strengthening financial markets, and expanding access to power and telecommunications services. The program will support activities related to the environment as well as fund programs meant to reduce the fertility rate, improve health care, support democratic institutions, and increase access to education for girls.

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 \$250,000 in NADR Export Control and Related Border Security Assistance (EXBS) funds for a cooperative program in Egypt. FY 2004 NADR/EXBS funding is provided to strengthen export control laws and regulations as well as improve export control enforcement through training and equipment.

**Israel**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
ESF	720,000	800,000	480,000
FMF	2,040,000	2,100,000	2,160,000
NADR-CTI-ERF	28,000	0	0

The United States has a significant interest in a stable, democratic, and economically and militarily strong Israel at peace with its neighbors. Maintaining the qualitative edge of the Israeli Defense Forces (IDF) in the regional balance of power enhances Israel's security, helps prevent regional conflict, and builds 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 2004 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 phasing out U.S. economic assistance, while encouraging Israel's efforts to: increase the role of the private sector, promote productive investment, reform taxes, and promote more efficient use of its resources.

The United States maintains a steadfast commitment to Israel's security, to the maintenance of its qualitative military edge, and to strengthening Israel's ability to deter and defend itself. The annual Foreign Military Financing (FMF) that Israel receives constitutes an important part of U.S. support for these objectives. FMF represents about 20 percent of the Israeli defense budget and is crucial to Israel's multi-year defense modernization plan. The FY 2004 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 2004 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 2002 Actual	FY 2003 Estimate	FY 2004 Request
ESF	150,000	250,000	250,000
ESF-SUP	100,000	0	0
FMF	75,000	198,000	206,000
FMF-SUP	25,000	0	0
IMET	2,012	2,400	2,900
NADR-EXBS	745	250	750
NADR-HD	850	750	500
Peace Corps	1,597	1,035	2,326

Jordan shares borders with Israel, the West Bank, Syria, Iraq and Saudi Arabia. Its critical location and cooperative government have made it a linchpin of regional stability and security. Jordan's record of cooperation on intelligence, terrorism, diplomatic, military, and security issues has been exemplary. The GOJ has worked assiduously to implement measures to thwart terrorist activities in Jordan and throughout the region. Jordan's commitment to participating in U.S.-led efforts in Afghanistan, the only Arab country to do so, has been consistent and strong. It also continues to honor its peace treaty with Israel, and to cooperate actively with Israel in a number of critical areas. Increased levels of U.S. economic and military assistance to Jordan signal our strong support of and appreciation for an important ally in the Middle East region.

The Department of State and USAID are conducting a joint review of the overall strategic direction of the USAID/Jordan portfolio and its specific programs in order to bring them in line with the goals and objectives of the Middle East Partnership Initiative. This review will ultimately entail significant changes in the level of funding of the programs, projects, and activities described in this Budget Justification. After completion of the joint review USAID will notify the Congress through established procedures prior to obligating funds for any revised efforts.

Economic assistance for Jordan is used for USAID programs focused on three objectives: (1) increasing economic opportunities, (2) improving water resources management; and (3) improving the quality of life of Jordanian families and communities.

U.S. assistance to expand economic opportunities for Jordanians is designed to capitalize on the U.S.-Jordan Free Trade Agreement (FTA) signed in 2001 by promoting trade and investment, supporting the small and micro-enterprise sector, and advancing Jordan's market-based economic restructuring program. 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, increase water-use efficiency, and improve wastewater quality for agricultural and industrial reuse.

Projects focusing on the Middle East Partnership Initiative goals and objectives, including education, civil society, and the rule of law, will improve the quality of life of Jordanian families and communities. Education projects will focus on improving the lives of girls and women through e-learning, educational partnerships and scholarships. In FY 2004, U.S. assistance will also be used to fund scholarship programs and a rural development initiative. The civil society program will assist and strengthen local NGOs,

elections, media training and exchanges. The rule of law component will focus on legal and regulatory reform. USAID's primary healthcare and reproductive healthcare initiatives will continue.

Jordan is critical to U.S. security interests in the region. U.S. security assistance programs – Foreign Military Financing (FMF) and International Military and Education Training (IMET) – buttress Jordan's ability to maintain secure, peaceful borders with Israel, Iraq, and Syria. Secure borders result in improved security for Israel and for U.S. forces in the Gulf, as well as an increased ability to hold maintain sanctions on Iraq. The FY 2004 FMF requests totals \$206 million. \$75 million will be consumed in sustaining and modernizing Jordan's U.S.-origin equipment in accordance with the Jordanian military's five-year plan. \$50 million will fund the purchase of a Blackhawk helicopter. \$30 million will fund a mid-life upgrade of Jordan's F-16's, and the remainder will help Jordan address its outstanding border security requirements.

Jordan's \$2.9 million 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 key 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 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.

The request for \$500,000 in FY 2004 Nonproliferation Anti-Terrorism Demining (NADR) funds for humanitarian demining will be used to continue an on-going program to prevent civilian casualties by removing landmines in the Jordan River Valley, along the Jordan-Syria border, and in the Rift Valley. The demining program maintains a force of 380 combat engineers and is internationally recognized as one of the best such programs in the world.

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 \$750,000 in NADR Export Control and Related Border Security Assistance (EXBS) funds for a cooperative program in Jordan. FY 2004 NADR/EXBS funding is provided to strengthen export control laws and regulations as well as improve export control enforcement through training and equipment.

**Lebanon**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Estimate	FY 2004 Request
DA	600	500	500
ESF	35,000	32,000	32,000
IMET	568	700	700
NADR-HD	1,200	900	900

The United States has a strong interest in promoting a stable, independent, democratic, and economically strong Lebanon at peace with Israel and neighboring states. Lebanon is still recovering from its sixteen-year civil war, and is making slow progress toward rebuilding its civil institutions, reestablishing the rule of law, and implementing economic reform. A prosperous, independent and secure Lebanon will open new opportunities for U.S. investment and export sales, help combat terrorism, and contribute to the fight against illegal drugs, trafficking in person, and counterfeiting.

The FY 2004 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. In the area of reconstruction and economic growth, the flagship of USAID's program will continue to be the Rural Community Development and Industry Clusters, which will work with communities on agricultural production and processing and eco-tourism. The Microcredit Program will continue to provide small loans – targeted primarily at women – through commercial agreements and grants to non-governmental organizations. USAID's WTO accession technical assistance program will continue to encourage trade and investment, globalization and broad-based policy and legislative reforms that are WTO-consistent.

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 bring them in line with the goals and objectives of the Middle East Partnership Initiative (MEPI). Those regional priorities include: economic reform and private sector development, increasing educational opportunity, strengthening civil society and the rule of law, and increasing the participation of women in economic and political life. This review will ultimately entail significant changes in the level of funding of the programs, projects, and activities described in this Budget Justification. After completion of the joint review, USAID will notify the Congress through established procedures prior to obligating funds for any revised efforts.

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 ESF-funded environment program will continue to help the Lebanese better understand their environmental problems and point the way to policy reforms. The program promotes the development of wastewater and solid waste treatment activities in rural community development clusters, including treatment of potable water, soil conservation and environmental awareness campaigns.

The \$700,000 in requested International Military and Education Training (IMET) funding for FY 2004 will reinforce the democratic principle of civilian control of the military as well as reducing 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 2004. Much needed spare parts and equipment to maintain military mobility and readiness are supplied via EDA grants.

The \$900,000 in Non-Proliferation Anti-Terrorism Demining (NADR) funds requested for FY 2004 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 2004, ESF funds (combined with development assistance) will again support a mine action program focused on landmine awareness campaigns and landmine survivors assistance programs targeted at creating more income-generating opportunities.

\$500,000 in Direct Assistance for Lebanon will continue to fund the land mine survivors program which focuses on income generating activities for land mine survivors and their families.

**Morocco**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Estimate	FY 2004 Request
CSH	4,600	0	0
DA	5,766	6,713	5,400
FMF	3,500	5,000	10,000
IMET	1,041	1,500	1,750
Peace Corps	2,718	3,333	3,714

It is in the United States' interest to support the economic and democratic development of this moderate, stable, Arab country. Morocco was among the first Islamic countries to publicly condemn the attacks of September 11, and supports the United States in the war against terrorism. Morocco provided troops in Desert Storm, Bosnia and Kosovo.

King Mohamed VI has embarked on a program of political, social, and economic reform. Morocco held its first free and open parliamentary elections in September 2002. However, the kingdom faces formidable development challenges. American assistance plays supports reforms in this time of rapid political and economic change. U.S. assistance will bolster Morocco's political and economic reforms and its role as a moderate Arab friend of the U.S.

The Department of State and USAID are conducting a joint review of the strategic direction of the USAID/Morocco portfolio and its programs in order to bring them in line with the goals and objectives of the administration's recently announced Middle East Partnership Initiative (MEPI). Those regional priorities include: economic reform and private sector development, increasing educational opportunity, strengthening civil society and the rule of law, and increasing the participation of women in economic and political life. This review will ultimately entail significant changes in the level of funding of the programs, projects, and activities described here. After completion of the joint review USAID will notify the Congress through established procedures prior to obligating funds for any revised efforts.

The \$5.4 million in Development Assistance (DA) requested for Morocco in FY 2004 will be targeted at increasing economic opportunities for all Moroccans through the engine of free trade and investment, relevant workforce preparation for the new economy, and responsiveness of government. USAID/Morocco is designing a new strategic plan, which should start in FY 2004. This strategic plan will address new challenges related to the war on terrorism and to a bilateral Free Trade Agreement (FTA), and will be fully consistent with the goals of the MEPI.

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. The FY 2004 IMET request of \$1.75 million for Morocco will significantly expand the current program, which sends approximately 70 military students per year to the United States for training. Moroccan attendance at Professional Military Education (PME) courses at U.S. service schools helps foster personal links that pay off later in the form of interoperability, coordination and mutual understanding. IMET-funded maintenance, logistics and specialist training provides military leaders with the skills to maintain stocks of U.S. equipment, and enhance Morocco's value as a training and potential coalition partner. The program contributed to the successful cooperation between U.S. and Moroccan forces in multinational operations in Desert Storm, Somalia, Bosnia, and Kazoo. One-to-one relationships first established at IMET courses have also ensured U.S. access to the highest levels of the Moroccan armed forces. Finally, the IMET program increases awareness of human rights norms and fosters respect for the principle of civilian control of the military and the rule of law.



FMF has sustained Morocco's large stock of aging U.S.-origin equipment, and a portion of the \$10 million in FY 2004 FMF requested will continue to be used for this purpose. Transfers of EDA equipment will also further improve interoperability with the U.S. and NATO forces. The increase in FMF from \$5 million to \$10 million requested will primarily be used to improve Morocco's coastal surveillance and security in the Strait of Gibraltar -- a vital maritime choke point which has been targeted by terrorist groups --and to support an initiative to assist Morocco in monitoring and securing its northern littoral. Morocco remains eligible in FY 2004 to receive EDA under section 516 of the Foreign Assistance Act.

**Oman**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Estimate	FY 2004 Request
FMF	0	20,000	25,000
FMF-SUP	25,000	0	0
IMET	481	750	1,000
NADR-EXBS	20	100	100
NADR-HD	495	50	0

Oman occupies a strategic location on the underbelly of 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.

Continuing FMF support in the amount of \$25 million is requested in FY 2004. These funds will help Oman address its critical defense needs and focus on helping Oman increase its ability to secure and monitor its considerable land and maritime borders, including the vital Strait of Hormuz. Oman's ability to monitor its maritime borders, especially the Straits, directly supports the war on terrorism, complements expanding Coalition maritime interdiction operations, and helps ensure that the deployment route to the Gulf remains unobstructed. FY 2004 FMF will help fund the acquisition of a coastal surveillance system, mine countermeasure equipment and coastal patrol boats. Our improved defense sales relationship with Oman will also be well served by this modest FMF program.

Increased IMET funding of \$1 million requested in FY 2004 will also help buttress our bilateral military relationship with Oman. Omani attendance at Professional Military Education (PME) courses helps foster one-to-one relationships that pay invaluable rewards later in the form of interoperability, access, coordination and mutual understanding. Maintenance, logistics and specialist training will enhance the Omani military's value as a training and coalition partner. In addition, Oman is eligible in FY 2004 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Omani access to EDA will complement U.S. assistance under the FMF and IMET programs.

Finally, as part of its efforts to prevent the proliferation of weapons of mass destruction, their delivery systems, related technologies and other weapons, the United States plans to provide NADR Export Control and Related Border Security assistance funds to a cooperative program to help establish fully effective export controls in Oman. FY 2004 NADR funding is focused primarily on establishing effective enforcement procedures and capabilities, including through the provision of equipment.

**Saudi Arabia**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Estimate	FY 2004 Request
IMET	24	25	25
NADR-EXBS	30	80	80

Saudi Arabia remains a strong ally of the United States. The kingdom has lived up to its pledge to provide the U.S. with whatever cooperation or support is needed in the global war against terrorism; it has also provided crucial logistical support for U.S. requests related to Operation Enduring Freedom (OEF). Saudi Arabia has long provided political and logistical support for Operation Southern Watch and related programs. Continued military to military contacts will encourage the development of a professional military command and armed forces, which will allow the Kingdom to assume a greater role in self-defense and will assist the U.S. in achieving its policy goals in the region.

The relatively modest amount of International Military Education and Training (IMET) fund requested in FY 2004 (\$25,000) will permit the Saudi government to purchase military training in the U.S. 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 lead 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.

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 U.S. 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.

Finally, as part of its efforts to prevent the proliferation of weapons of mass destruction, their delivery systems, related technologies and other weapons, the United States plans to provide NADR Export Control and Related Border Security Assistance (EXBS) funds for a cooperative program to help establish fully effective export controls in Saudi Arabia. FY04 NADR funding is focused on strengthening export laws and regulations as well as establishing effective enforcement procedures and capabilities.

**Tunisia**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Estimate	FY 2004 Request
FMF	3,500	5,000	10,000
IMET	1,013	1,500	1,750

A moderate Muslim state whose society is arguably the most secular in the Arab world, Tunisia has been very supportive of the United States' counter-terrorism efforts, offering access to Tunisian bases in support of Operation Enduring Freedom. It has consistently supported U.S. positions on Middle East issues in the UN and other international fora, and has been a voice of moderation in Arab councils and with the PLO.

The FY2004 budget requests an important increase from \$5 million to \$10 million in FMF and from \$1.5 million to \$1.75 million in IMET. The United States aims to reinforce Tunisia's moderation and continuing support for U.S. Middle East policies by increasing such funding in FY 2004. Increased FMF funding will help Tunisia address 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. By extension increased FMF funding will help suppress indigenous and transnational terrorist elements.

The first major-post-Afghanistan al-Qa'ida attack, killing several European tourists, occurred against a synagogue on the Tunisian island of Djerba IN April 2002. Tunisia is threatened by terrorism and Tunisia's ability to monitor its borders effectively has taken on a new importance. In that same month, the Chief of Tunisia's Land Forces and 12 other officers were killed when their American-made HH3 helicopter crashed due to a main rotor blade failure. This incident is indicative of a service-wide dilemma and underscores the need for increased FMF. Seventy percent of the Tunisian military's equipment is U.S. origin, aging, and cannot be maintained within current budgets.

Increased FMF will support: sustainment requirements of critical aviation and maritime assets; tactical vehicle maintenance, the purchase of border surveillance and communications equipment; and counter-terrorism training. In addition, Tunisia will be eligible in FY 2004 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 2004 IMET program will fund U.S. training and education for Tunisian military officers. Tunisia's IMET program promotes the U.S. goals of stability and democracy, and increases the familiarity of Tunisia's officer corps with U.S. military practices and U.S. foreign policy. IMET-funded maintenance, logistics and specialist training provide military leaders with the skills needed to maintain Tunisia's stocks of U.S. equipment, and enhance Tunisia's value as a training and potential coalition partner. IMET-funded English language training has been widely used to enhance Tunisian officers' English language skills. Combined with FMF-funded assistance in sustaining Tunisian materiel, IMET helps facilitate combined training and interoperability.

The United States will continue to support Tunisian government efforts to move the economy from one which was state-controlled to one in which economic activity is driven by private industry. We will also encourage expanded political reform, support civil society institutions, and promote respect for the rule of law through program initiatives such as the Middle East Partnering Initiative. We continue to operate the Global Technology Network program, an electronic network that connects local business people with potential American suppliers. This serves to increase U.S. exports while helping Tunisian companies to

grow. The United States also supports the Humphrey Fellowship Program, which provides for exchanges in industry sectors important to the Tunisian economy. Inter-university link programs are being established to help Tunisian universities develop American-style business education programs.

**United Arab Emirates**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Estimate	FY 2004 Request
NADR-EXBS	350	350	250

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 become especially close and mutually supportive since the beginning of Operation Enduring Freedom (OEF). 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. The UAE is open to continued strong relations with the United States and considers its fundamental interests and values as 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 NADR Export Control and Related Border Security Assistance (EXBS) program funds for a cooperative program in the United Arab Emirates. FY 2004 NADR funding is provided to strengthen export control laws and regulations as well as improve export control enforcement through training and equipment.

**West Bank/Gaza**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Estimate	FY 2004 Request
ESF	72,000	75,000	75,000
IDA	0	50,000	0

U.S. assistance to the West Bank and Gaza contributes directly to a core U.S. foreign policy goal in the Middle East: finding an end to the Israeli-Palestinian violence, restoring trust and confidence, and ultimately returning to direct negotiations. These efforts support directly the President's call in his June 24 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.

U.S.-funded programs focus on basic human needs, including community and village-level services, mother and child health care, and clean drinking water in the West Bank and Gaza. USAID programs have directly benefited more than 800,000 mainly rural Palestinians in more than 200 villages throughout the West Bank and Gaza – creating jobs, improving health care, and providing clean water in homes for the first time.

Support of efforts to reform Palestinian public institutions, and develop moderate, democratic civil society organizations is also a major focus. The United States is likewise committed to providing assistance to support eventual Palestinian elections. The U.S. supports the development of private enterprise and provides skills training in areas such as information technology and health care and dedicates a major portion of its assistance to the Palestinians on expanding scarce water resources. U.S.-funded projects include continued improvements in water supply and management in Gaza, the creation of new sources of fresh water in the West Bank through the digging of wells, the development of wastewater treatment facilities in the West Bank, and the construction of a desalinization plant in Gaza. Despite the challenges posed by the on-going security situation, these projects are moving ahead, albeit at a slower pace.

While not losing focus on medium- to long-term development goals, U.S. assistance efforts have over the past year sought to meet the immediate and on-going emergency humanitarian needs of the Palestinian people. Some 73 percent of U.S. spending during the last two years went for activities that address urgent and critical needs. Given the continued political stalemate, and the growing humanitarian crisis in the West Bank and Gaza, USAID anticipates providing vital emergency and humanitarian assistance for at least another 12 months. At the same time, USAID is pursuing a robust medium to longer term development program focused on private sector revitalization, political and economic reform in support of the Administration's call for new Palestinian leadership and institutions, and water infrastructure to meet this basic human need.

The Department of State and USAID plan to conduct 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. This review may ultimately entail significant changes in the level of funding of the programs, projects, and activities described in this Budget Justification. After completion of the joint review USAID will notify the Congress through established procedures prior to obligating funds for any revised efforts.

U.S. assistance to the Palestinian people is fully supported by the government of Israel. No funds are provided to the Palestinian Authority or the PLO. All USAID programs are carried out through U.S. contractors, U.S. NGOs, and Palestinian NGOs, and USAID maintains close accounting of all funds.

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Furthermore, working closely with the country team, USAID carefully carries out background checks on all Palestinian NGOs that are recipients of funds to ensure that there are no links to terrorist organizations or to organizations that advocate or practice violence.



**Yemen**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Estimate	FY 2004 Request
ESF	5,000	10,000	15,000
ESF-SUP	3,000	0	0
FMF	0	2,000	15,000
FMF-SUP	20,000	0	0
IMET	488	650	1,000
NADR-EXBS	50	150	100
NADR-HD	750	765	750
P.L. 480 Title II	395	0	0

Yemen is an essential U.S. partner in the global war on terrorism. Yemen and the U.S. have made great progress in uprooting the al-Qaeda presence in Yemen, but Yemen requires continued U.S. material support to be successful. Yemen has undertaken significant strides toward opening its multiparty 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 will be 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 conducting 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. This review will ultimately entail significant changes in the level of funding of the programs, projects, and activities described in this Budget Justification. After completion of the joint review USAID will notify the Congress through established procedures prior to obligating funds for any revised efforts.

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. For example, ESF will support girls' education efforts ranging from providing adequate classroom facilities to curriculum development and teacher training. Further assistance to Yemen in the areas of health care and, in particular, family planning to reduce the burgeoning population growth rate is critical. Given the importance of women in the delivery of social services as teachers, health workers, a critical mass of trained women must be established. Accordingly, fifty percent of the training budget will be targeted at female candidates.

As part of an overall, long-term strategy, Economic Support Funds (ESF) requested for FY 2004 will continue to focus on human resource development in the areas of education, health and democratization. This will include graduate degree scholarships and short-term, in-service training programs in key sectors, including basic education (particularly for girls and women) and health care delivery (with particular emphasis on maternal and child health and child spacing). This training, conducted both in Yemen and overseas, will be targeted toward both private and public sector leaders and potential decision makers who will be responsible for policy planning and managing Yemen's economic and social programs.

A U.S.-funded scholarship program begun in the early 1980s has allowed over 900 Yemenis to receive degrees, over 700 of which were earned in the United States. While the total number of Yemeni students who have received U.S.-provided scholarships may be relatively small, the value of the enormous contribution made by this group to of Yemen is enormous. Most U.S.-educated Yemenis are firmly

integrated into modern Yemeni society. They now hold key government positions (including cabinet ministers), or are prominent academics, journalists, policy makers or businessmen. In order to maximize return on investment, scholarship programs funded with FY 2004 ESF will focus on providing two-year master's degree scholarships.

FY 2004 Foreign Military Financing (FMF) and International Military Education and Training (IMET) funds requested will directly support U.S. counter-terrorism goals by improving Yemen's ability to act against terrorist elements both unilaterally and in cooperation with the U.S.

For FY 2004, Yemen proposes to use the \$15 million FMF request for providing essential military training, procuring spares for existing U.S. military end items and supporting the development of a Yemeni Coast Guard. IMET will fund U.S. training and education for Yemeni military personnel as the military force shifts toward Western practices and doctrine. 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.

Yemen initially became eligible to receive Excess Defense Articles (EDA) on a grant basis under section 516 of the Foreign Assistance Act (FAA) in 1999. In FY 2004, Yemen will again be eligible to receive EDA on a grant basis, and hopes to use this program to help the development of a basic coast guard. This equipment will permit the Yemenis to acquire a rudimentary capability with which to monitor illegal trafficking through its waters, track environmental issues and enhance the safety of vessels passing through the Bab el Mendebe Straits.

Additionally, the NADR program 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 provide NADR Export Control and Related Border Security assistance funds to a cooperative program to help establish fully effective export controls in Yemen. FY 2004 NADR funding is focused primarily on an initial assessment of Yemen's capabilities and needs and establishing effective enforcement procedures and capabilities, including through the provision of equipment.

**Middle East Partnership Initiative**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Estimate	FY 2004 Request
ESF	0	0	145,000
ESF-SUP	20,000	0	0

Winning the war on terrorism, disarming Iraq, and bringing the Arab-Israeli conflict to an end are at the forefront of America's Middle East policy. The Middle East Partnership Initiative (MEPI) is a critical element in the war on terror, broadening the USG approach by enhancing economic, educational and political opportunity for women and young people, in particular.

Building on pilot projects initiated with FY 2002 Emergency Supplemental funding, and taking into account a State/USAID joint review of USAID's programs in the region to align bilateral ESF funding with MEPI goals and objectives, the Department has requested \$145M for the MEPI in FY 2004. Democracy and economic assistance programming previously managed under the Middle East Democracy Fund (MEDF) and the U.S. North African Economic Partnership (USNAEP) will now be managed under the MEPI as well. Of the \$145M, the Department will dedicate \$50M to economic reform. These funds will support critical financial sector reforms, support efforts to move towards market economies, support trade-related technical assistance, and provide direct support for private entrepreneurs across the region. MEPI will also dedicate \$45 million to expand access to and raise the quality of basic, secondary and university education, with a particular emphasis on IT-learning and improving girls' literacy. \$40 million will be dedicated to increasing political participation, promoting democracy and the rule of law in partner countries. The remaining \$10 million will be targeted specifically on projects to empower women and girls, cross-cutting all three areas of reform.

Funds designated for economic reform will be allocated in order to support critical financial sector reforms, strengthen commercial legal systems, increase transparency and open markets across the region. We will aid current WTO members in the region to increase their compliance with existing commitments. Funds will help Morocco prepare for its pending Free Trade Agreement (FTA). Egypt and Bahrain will be aided in undertaking reforms consistent with their Trade and Investment Framework Agreement (TIFA) processes. Saudi Arabia, Algeria, Lebanon and Yemen will receive assistance in achieving progress on WTO accession bids. These steps will help to encourage an improved regional investment climate. The funds requested will also be used to promote entrepreneurship, expand the number and reach of micro-enterprises, and help small- and medium-sized enterprises (SMEs) with increased access to capital. One or more Enterprise Funds will be established for countries in the region for this, latter purpose.

Funds designated for education reform will be used to expand access to and the quality of basic education, particularly for girls. MEPI aims to increase literacy in both Arabic and English and promote a reading culture. We will also fund projects increasing the number of schools with access to, and using the Internet, and adopting teaching methods and curricula centered on participatory learning, critical thinking skills and preparation for the global economy. Projects that increase parental, community and local government involvement in guiding how, what, and where their children learn will also be established. MEPI education resources will also be used to expand access to and the quality of higher education. Funds will provide Arab universities with the capacity and an incentive to increase enrollment from low-income and rural communities. Improvements to the quality of curricula and instruction that will smooth the transition from school to work form a second goal. Resources will be applied to expanding linkages between U.S. business and Arab universities. Finally, we will undertake a major project to translate and distribute books across the Arab world.

Funds requested to expand political participation, promote democracy and support the rule of law will be used in pursuit of three objectives. (1) Establishing free and fair electoral processes. Goals include: improving number and skill of candidates; strengthening political parties, advocacy groups and independent trade unions; improving the administration of elections; and increasing parliamentarians' effectiveness in leadership and representation. (2) Promoting the rule of law. Resources will be used to strengthen the rule of law and respect for human rights by aiding organizations that encourage governmental accountability and transparency. Reform of judicial systems and improvements to the administration of justice will be financed. Civic education programs will be implemented. Governments and courts will be encouraged to institute and uphold laws protecting basic human rights and the rights of women and minorities. (3) Encouraging free and independent media and strengthening the role of civil society organizations. Independent media will be empowered through projects that foster accurate electoral campaign coverage, promote media law reform and reduce censorship, enhance protections for investigative journalists, and advance professionalism in the media. We will provide support to local NGOs and other civil society organizations to strengthen their role in supporting pluralistic, free political systems.

MEPI funds will be allocated to projects that provide incentives for girls to pursue formal education, increase the number of successful female business owners and entrepreneurs and increase the number and raise the proficiency of women office holders. Resources will be applied to build the capacity and influence of NGOs that advocate equality of women and to support indigenous efforts to eliminate legal, regulatory and other obstacles to the advancement of women. Initial tangible results of MEPI are already becoming visible. Female Arab leaders who participated in the International Visitor Program on U.S. elections and political campaigns have continued this dialogue on how to promote the Arab woman's voice and vote with other women in their countries. More specifically, one participant conducted a training session for approximately 30 other women to relay her experience with U.S. elections. And most dramatically, as a result of confidence built through hands-on training, another participant has announced her candidacy for her nation's parliament in 2003.

MEPI projects will be evaluated rigorously to measure results. Achievements will be measured on one hand by such things as gains achieved in trade, investment, employment, wealth creation, and diversification of the region's economic base. On the other hand, outcomes will be measured by gains in access to and the quality of basic and higher education and by advances in female graduation and drop out rates. Success will be measurable by advances in participatory governance and the rule of law. Taken together these efforts in cooperation with partner countries are designed to accelerate the growth of professional middle classes with vested interests in perpetuating moderate, pluralist political regimes. These benefits will underpin our success in promoting prosperity, opportunity and security in the Middle East and North Africa, and building a better future for all.

**Middle East Multilaterals**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Estimate	FY 2004 Request
ESF	3,000	3,000	3,000

The multilateral negotiations in the Middle East peace process grew out of the 1991 Madrid Peace Conference. Formal working groups were established in the areas of Arms Control and Regional Security, Environment, Regional Economic Development, Refugees, and Water Resources to promote discussion of regional issues among Israelis and Arabs and to bring to bear the expertise and resources of the international community to support concrete projects. Such projects directly contribute to long-term peace, regional stability, and prosperity in the Middle East. As co-sponsor of the peace process, it is imperative that the U.S. maintains its leadership role in funding multilateral peace process activities. As the U.S. 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.

Water and environmental issues are key concerns confronting the countries of the Middle East, and the multilateral projects sponsored by the working groups on the water and the environment will continue to focus on the cooperative activities that support and complement the parties' bilateral contacts. Funds will be directed to new and ongoing initiatives in areas such as water data banks, public awareness, 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. The group works to build consensus among donors on projects focused on job training, human resource development, and tolerance education. The Arms Control and Regional Security 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. U.S. multilateral funding also supports programs to promote Arab-Israeli ties through the Middle East Cancer Consortium and through economic partnerships, thereby contributing to both economic growth and regional stability.

The ACRS Track II conferences engage Israelis and Arabs in a dialogue about their joint future in the region. Given current conditions on the ground, this channel is seen as vital to maintaining face-to-face communication and dialog on relevant issues open and frank. The funds will be used to support a series of 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.

**Middle East Regional Cooperation**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
ESF	5,000	5,000	5,000

An important element of promoting peace and regional stability in the Middle East is bringing Israelis and Arabs together at every level (policy makers, technical experts, etc.) to work cooperatively on a wide range of issues. The Middle East Regional Cooperation (MERC) Program, which Congress initiated after the Camp David Accords, fosters mutually beneficial technical cooperation between experts from Israel and its Arab neighbors. 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. Continued strong U.S. support for MERC is important to help ensure that Israeli-Arab cooperation is as broadly based as possible.

The MERC Program complements the work being done in the Middle East Multilaterals program by broadening the base of cooperation among Israelis and Arabs to include academic and non-governmental organization (NGO) experts. Unlike the Multilaterals program, which is directed toward participating governments as part of official multinational peace efforts, 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. The FY 2004 ESF request will be used to implement programs designed to provide practical benefits to both Israelis and Arabs. MERC projects have included and will continue to include a wide range of important fields with the goal of increasing economic development, protecting the environment, and improving health conditions. Agriculture projects will remain focused on increasing productivity of livestock and crops, while health projects will address issues such as emerging infectious diseases and other health threats on the increase in the Middle East. As lack of fresh water is one of the most critical economic and environmental problems in the Middle East region, MERC projects will continue to address key water issues such as effective water management, wastewater treatment, and desertification prevention.

**Multinational Force and Observers**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Estimate	FY 2004 Request
PKO	16,015	16,400	16,400

The MFO is a critical component of the Egyptian-Israeli Peace Treaty. It serves as a model confidence building measure and security arrangement in the context of the ongoing peace negotiations between Israel and its neighbors. Attaining a comprehensive peace between Israel and all of its neighbors is essential to protecting U.S. security interests in the Middle East. The Egyptian-Israeli Peace Treaty and its security arrangements, monitored by the Multinational Force and Observers (MFO), are the cornerstones of U.S. efforts to attain such a peace.

The MFO monitors treaty compliance and provides an effective liaison system between the Israeli and Egyptian defense forces. The United States has a firm political commitment to finance one-third of the annual MFO operating budget, with the other two-thirds provided by Israel and Egypt. Subject to Congressional authorization and appropriations, the United States is committed to support the MFO's mission until the parties to the agreement that created the MFO mutually agree that the MFO is no longer necessary. The MFO's long-standing effectiveness is apparent in the continued compliance with the treaty and the excellent cooperation between Egyptian and Israeli officials in the treaty's liaison system.

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## SOUTH ASIA

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**Afghanistan**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
CSH	29,000	0	21,000
DA	10,701	0	150,000
ESF	17,250	0	150,000
ESF-SUP	88,000	0	0
FMF	7,256	0	150,000
FMF-SUP	50,000	0	0
IDA-ERF	146,000	0	0
IDA-SUP	40,000	0	0
IMET	0	0	600
INCLE	6,000	0	40,000
INCLE-SUP	60,000	0	0
NADR-ATA	1,434	0	10,400
NADR-ATA-ERF	15,000	0	0
NADR-ATA-SUP	20,000	0	0
NADR-EXBS	0	0	250
NADR-HD	4,000	0	8,300
NADR-HD-ERF	3,000	0	0
P.L. 480 Title II	84,355	0	0
P.L. 480 Title II-ERF	75,117	0	0
PKO	3,949	0	20,000
PKO-SUP	20,000	0	0
USAID OE-SUP	5,000	0	0

In 2004, U.S. leadership in Afghanistan will remain essential to achieving our national security objectives and regional stability in South Asia. National elections in June 2004 are expected to establish a permanent Afghan government under the Bonn Agreement amid expanding security and continued economic reconstruction. To ensure sustained progress and avoid the recurrence of conflict and terrorism, FY 2004 assistance will be used to establish security through a national military and national police force, including counter-terror and counter-narcotics components; establish broad-based and accountable governance through new democratic institutions and an active civil society; ensure a peace dividend for ordinary Afghans through economic reconstruction; and provide humanitarian assistance to sustain returning refugees and displaced persons. U.S. assistance will continue to be coordinated with the Afghan government, the United Nations, and other donors, including Japan, the European Union and Saudi Arabia.

President Bush committed the United States to take the lead in training and equipping the Afghan National Army (ANA) in support of our efforts to combat remaining Taliban and al-Qaida elements in Afghanistan and to help establish long-term security. The Afghan government lacks funding to replace destroyed infrastructure and to supply equipment, fuel, supplies, food and munitions for its military. While some requirements for training equipment have been filled by coalition donors and we are working to increase such assistance, sufficient equipment and infrastructure for anticipated numbers of trained ANA battalions have not been provided. FY 2004 Foreign Military Financing (FMF) is requested for Afghanistan to continue to support the training of new battalions and higher levels of training for those already established. As more battalions complete training, FY 2004 FMF will also be used to provide equipment and

infrastructure to sustain and make them fully operational, including through establishing intermediate headquarters capable of maneuvering, feeding, clothing and supplying each unit. Funds will also enhance logistics capabilities, provide for medical, communications, and other supplies, and support sustainment/maintenance of previously provided training and equipment.

As the number of trained ANA soldiers increases, FY 2004 Peacekeeping Operations (PKO) funds are requested for Afghanistan to help cover the costs of paying and training Army Training Command, General Staff and Service Support Command personnel, as well as additional ANA soldiers not projected to be paid with FY 2002 supplemental PKO. PKO may also assist with institutional support and sustainment costs associated with training and equipping the ANA. FY 2004 International Military Education and Training (IMET) funds are requested to assist the ANA to increase its professional and functional capabilities and, as the permanent government is established, to instill and maintain basic democratic values and protect human rights. Afghanistan will be eligible in FY 2004 to receive grant Excess Defense Articles (EDA) under section 516 of the Foreign Assistance Act.

In FY 2003, efforts will be ongoing to create a Presidential Protective Service designed to provide first echelon personal security for the Afghan president while the U.S. provides security as an interim measure. While we anticipate this first phase will be completed within one year, FY 2004 Non-proliferation, Anti-terrorism, Demining, and Related Programs Anti-terrorism Assistance (NADR/ATA) will be needed to provide any follow-on support and begin the sustainment phase. ATA will polish the newly created train-the-trainer program while also providing continuation training to advance the skills of the Afghan special agents. The comprehensive program will consist of two simultaneous phases of administrative and management plus advanced operational training. This training is designed to provide increased infrastructure and stability to the new service. In addition, ATA is prepared to provide counterterrorism-training packages from within its standard training program. The courses are primarily designed for senior police management and administrative personnel. FY 2004 NADR/Terrorist Interdiction Program (NADR/TIP) funding is requested to continue and sustain TIP installations at select points of entry so that border control officials can quickly identify and detain or track terrorists attempting to cross Afghanistan's borders. FY 2004 NADR Humanitarian 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 the Afghan non-governmental organizations.

Afghanistan faces a tremendous challenge in the law enforcement and narcotics sectors as the drug trade and crime threaten to undermine security, political stability and economic recovery. The resurgence of poppy cultivation in Afghanistan since September 11, 2001 has restored Afghanistan's first place ranking among the world's producers of opium. To help address this problem, FY 2004 International Narcotics Control and Law Enforcement (INCLE) funding is requested to build on FY 2002 and FY 2003 support for counternarcotics programs, broad law enforcement and judicial reform as part of a UK-led multinational effort to create effective and legitimate government institutions and restore stability. FY 2004 INCLE counternarcotics funds will be used to support the development of counternarcotics police, especially interdiction and investigative forces, and to provide assistance for alternative livelihoods. Vocational training also may be provided to generate income for vulnerable populations, such as women and tenant farmers. Funds may also be used to train and equip border guards in order to improve interdiction and cross-border cooperation. Counternarcotics funds will also build the capacity of the Counter-Narcotics Directorate, the drug policymaking branch of the Afghan National Security Council, and support demand reduction through public affairs projects and treatment centers.

In support of broader law enforcement, the FY 2004 INCLE police program will provide basic policing skills, human rights-based training and equipment for existing patrolmen that will support the Afghan goal of establishing a professional national police force. FY 2004 funds will continue the work begun with FY

2002 supplemental funds in Kabul, and will develop police capabilities and infrastructure in the provinces, complementing the German-led effort to build a strong officer and non-commissioned officer cadre. Key program elements will include developing and supporting a strong Afghan police trainer corps, expansion of the police identification card system, contribution of basic equipment and infrastructure needs for police, particularly in the provinces, and support for law enforcement requirements through the Afghan central budget. Finally, FY 2004 INCLE justice sector funding will help modernize criminal justice through training for judges and prosecutors on human rights, basic skills, and criminal procedure; support for the Ministry of Justice, Prosecutors Office, and the judicial commission on justice reform; and strengthening judicial capabilities in the provinces. Funds will also help develop professional standards and refurbish and equip a training facility for legal professionals in Kabul.

FY 2004 Nonproliferation, Anti-terrorism, Demining, and Related Programs (NADR) funding for the Export Control and Related Border Security Assistance (EXBS) program is requested to launch a program to assist Afghanistan in strengthening its export/border control system to prevent smuggling of items of proliferation concern. The EXBS program organizes expert-level exchanges addressing subjects such as legal/regulatory reform and customs enforcement. The 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.

In compliance with the December 2001 Bonn Agreement, Afghanistan convoked a representative Loya Jirga in June 2002 and selected a transitional government (the Transitional Islamic State of Afghanistan, or TISA) to replace the Afghan Interim Authority and preside over reconstruction, the drafting of a constitution, and preparations for national elections in June 2004. FY 2004 U.S. support for the Bonn Process aims to assist its culmination through establishment of a broad-based, effective and accountable government. FY 2004 Economic Support Fund (ESF) and Development Assistance (DA) funds are requested to assist preparations for the June 2004 national elections and provide training for newly elected officials. Funds will also support any remaining work to be done in the process of drafting and ratifying a new national constitution, promote human rights, and support ongoing efforts to rehabilitate and reform the civil service and justice sectors. ESF democracy assistance will also assist private, independent media and civil society, including nongovernmental organizations (NGOs), civic education and political parties. The Afghan government and the World Bank project continuing operational funding gaps between \$100 and \$150 million over the next several years. A portion of the FY 2004 ESF will also be used for budget support to keep the government operational as revenue-gathering capabilities are being established. Funds will support central budget requirements for civil service salaries, including police, and other operational expenses. FY 2004 ESF will also be used for reintegration of demobilized soldiers into the economy as the ANA is established.

Afghan refugees are expected to continue to return home in record numbers in 2004 with more than 1.5 million estimated. Along with reintegration assistance for some 3.5 million returns in 2002 and 2003, FY 2004 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 2004 emergency food aid requirements in Afghanistan will continue to be addressed by P.L. 480 Title II sources, as in FY 2003.

Approximately half of Afghanistan's 26.8 million people live in absolute poverty, and 50 percent of its people are unemployed. Virtually all of the country's institutions and much of its infrastructure has been destroyed. To help assure full implementation of stability in Afghanistan, the newly elected government must demonstrate a concrete economic "peace dividend" flowing from the Bonn Process. Afghanistan has suffered immense physical destruction. A significant portion of the FY 2004 ESF requested will be used to help rebuild Afghanistan's road network, including the Kabul-Kandahar-Herat road and other medium and

small-scale infrastructure projects, such as farm-to-market roads, tunnel and bridge repair, urban and rural water projects and sewage systems, and electrical power generation and distribution.

FY 2004 DA is requested for education, health, agriculture, democracy, human rights and economic growth activities. Agriculture and the rural economy provide a way of life for 80 percent of the Afghan population. FY 2004 DA is requested to help farmers re-establish production, become more profitable and efficient, and improve food security. The program also will build the capacity of private sector input dealers to meet demand through business and marketing skill development. The program will actively strengthen enterprise capacity to produce and process farm output, and effectively market value added processed products to consumers in regional and international markets. The program will focus 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. Credit programs that meet critical needs for operating and investment capital will support production and processing activities. DA-funded rural economic growth programs include rehabilitating the irrigation sector and providing tools, agricultural equipment, fertilizer, improving access to markets through rehabilitating rural roads and bridges, livestock vaccines, seed for planting and establishing a credit facility to address the problem of Afghanistan's heavily indebted small farmers.

To address Afghanistan's 70 percent illiteracy rates in support of both economic development and political participation, FY 2004 DA funds will continue efforts to reach a goal of seeing that every child in the country has access to primary education (grades 1-6) through community-based school construction (targeting a significant amount of resources for school reconstruction in areas with low girls' enrollment where we hope to be able to maximize our investment), textbook production, classroom-based teacher training, and primary school equivalency/accelerated learning. A portion of FY 2004 DA will also support institutions of economic governance that will facilitate private sector growth and foreign investment, including 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 designed to facilitate maximum responsiveness to the emerging executive, legislative, and judicial governance structures in Afghanistan. In doing so, it will directly support the priority U.S. objective of promoting a rapid and sustainable reconstruction and recovery effort in Afghanistan and will improve the living conditions of its citizens.

Finally, 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 just 46 years. FY 2004 Child Survival and Health (CSH) funds are requested to expand the FY 2003 maternal child health project that is designed to bring primary health care services so that no one is more than four hours from medical attention. This activity 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), to develop a sustainable foundation for a nationwide health care system that will introduce concepts of cost recovery and privatization.

**Bangladesh**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
CSH	39,950	33,700	32,000
DA	21,670	24,720	18,850
ESF	3,000	7,000	6,000
IMET	648	750	800
P.L. 480 Title II	23,974	45,083	45,445
Peace Corps	581	1,017	1,255

Continuing U.S. support for the consolidation of a moderate Islamic democracy in Bangladesh serves our interests in combating terrorism and promoting regional stability. In over a decade of democratic rule, Bangladesh has three times experienced a democratic change of power through free and fair national elections, most recently in October 2001. However, Bangladesh faces a chronic law and order problem stemming from political violence, along with significant economic challenges. Political divisions are strong. The lack of a viable role for the opposition has led to unrest in the streets, deepening political polarization into a major constraint on future development.

FY 2004 Development Assistance (DA) is requested to create a more literate and broad-minded society in this predominantly Muslim nation. Assistance will include efforts to increase early childhood development opportunities, promote innovative learning methodologies, and expand community involvement in schools. FY 2004 DA is also requested to support efforts to improve political processes, specifically through initiatives that enable opposition parties to play a constructive role in the Parliament and at the local government level. Ongoing support to active civil society organizations will promote human rights and rule of law, combat trafficking in persons and violence against women, advocate local government policy reforms and support the development of independent media. Bangladesh was recently ranked first on the Transparency International list of the world's most corrupt countries. A portion of the FY 2004 Economic Support Funds (ESF) requested will complement the aforementioned DA programs by providing anti-corruption assistance; supporting human rights efforts, civil society and parliament; and funding a children's project aimed at promoting tolerance and nonviolence.

Bangladesh remains one of the poorest and most populous countries in the world. On the economic side, FY 2004 DA will be targeted to high-impact programs. A portion of FY 2004 DA will be used to identify key challenges to small business development and will provide targeted support in ways that can help diversify Bangladesh's export sector, including new initiatives to support the promising information technology sub-sector. These efforts are extremely important, given economic dislocation expected to disproportionately affect Muslim women in rural areas following the end of U.S. garment quotas on January 1, 2005.

Bangladesh has rich natural gas reserves that could allow it to become a regional energy hub, earn hard currency to contribute to national development, and provide a cleaner alternative to other fuels. U.S. assistance will help Bangladesh develop this resource and has already helped provide investment and export opportunities for American firms. A portion of the FY 2004 DA will be used in the energy sector to continue efforts to promote rural electrification and support long-overdue reforms in the power and gas sectors. FY 2004 ESF will complement these efforts by supporting reform and privatization pilot initiatives in the energy and financial sectors.

To address Bangladesh's environmental challenges, FY 2004 DA will enable an expanded community management approach to the conservation of open water tropical forest resources and protection of biodiversity in Bangladesh's fragile and overpopulated ecosystem. A portion of the FY 2004 ESF will also be used to help map and alleviate the problem of arsenic contamination of well water in Bangladesh, which affects as many as 28 million people, and to research arsenic's impact on the food chain.

Finally, FY 2004 DA will provide limited support to the central Government's food security policy to help ensure that it meets social safety net objectives while remaining market-sensitive, and will allow continued support to nongovernmental organizations in disaster mitigation and humanitarian response, targeting both rural and urban poor. FY 2004 Child Survival and Health (CSH) funds are requested to help provide basic health services to Bangladesh's women and children, including family planning, HIV/AIDS programs, and health-related programs such as a polio eradication campaign.

An apolitical military is essential to strengthening Bangladesh's fragile democracy. FY 2004 International Military Education and Training (IMET) funds requested will continue supporting the professional development of military officers who respect civilian rule of law and will wield influence in shaping their respective services. By ensuring adequate security, the Bangladesh Army played a key role in creating an enabling environment for internationally-recognized free and fair elections in October 2001. FY 2004 IMET funds will be used to further develop the peacekeeping skills of the Bangladesh Armed Forces -- the world's largest contributor to international peacekeeping operation -- by increasing the number of U.S.-trained officers who will, upon their return, serve as instructors at Bangladesh's regional Peacekeeping Center. IMET will also be used to increase the number of officers attending specialized training in U.S. military schools to enhance interoperability of U.S. and Bangladeshi forces during international peacekeeping, humanitarian assistance, and search and rescue operations. Bangladesh will be eligible in FY 2004 to receive grant Excess Defense Articles (EDA) under section 516 of the Foreign Assistance Act.



**India**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
CSH	41,678	40,785	40,800
DA	29,200	34,400	27,100
ESF	7,000	25,000	20,000
FMF	0	50,000	5,000
IMET	1,012	1,000	1,250
NADR-EXBS	800	1,750	1,000
P.L. 480 Title II	93,679	91,288	45,000

The United States is transforming its bilateral relationship with India, an emerging global power that has provided crucial support for the war on terrorism. India and the United States also share a commitment to the global spread of democracy. We seek a greatly expanded and highly visible partnership with India on multiple strategic and programmatic fronts, and will continue the further expansion of our military, political, and economic relationships through a joint Defense Planning Group and high profile dialogues on economic issues, strengthening export controls, and important international issues.

FY 2004 economic assistance to India will contribute to the transformation of the bilateral relationship in several key ways. Such programs are, first of all, an effort to ensure that the economic aspect of the relationship moves forward with the same vigor as other elements. These programs also demonstrate continuing American commitment to meeting the important daily needs of India's -- and some of the world's -- poorest and most vulnerable people, including women and Muslims. Finally, U.S. assistance promotes economic reform and growth in those areas where U.S. enterprises are well positioned to compete, notably in the areas of power generation and distribution. The programs that follow are long-term programs aimed at deeply rooted problems. Given India's size, they will operate initially in a limited number of localities before expanding their scope.

FY 2004 Economic Support Fund (ESF) is requested for a new economic initiative designed to impact the lives of ordinary Indians and address key causes of civil unrest. First, a finance for investment component will support state fiscal reforms to reduce ballooning deficits that restrict social sector funding. Funds will be used to upgrade staff skills, improve management systems, stimulate public demand for improved service, and disseminate best investment practices. Concurrently, new capital markets that can fund infrastructure investments and attract direct foreign investment will be deepened and regulated. Second, a disaster management initiative will improve national, state, and local systems to prepare for and to respond to costly natural or man-made disasters by installing cutting-edge disaster management systems and equipment. Third, an infrastructure for growth component will support power sector distribution reform, as well as water and urban infrastructure finance and reforms that open infrastructure to private investment, thereby increasing municipalities' access to India's capital markets, improving cost recovery and extending sustainable, quality services. Finally, an education and opportunity component focusing on women, minorities, and out-of-school youth will provide training to enhance livelihood options.

FY 2004 Development Assistance (DA) funds will support economic 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. In addition, funds will support efforts to improve power distribution, groundwater management, and urban water availability and sanitation in selected states. DA will also be used to improve opportunities for vulnerable children and groups by expanding their access to justice and education. FY 2004 Child Survival and Health (CSH) funds are

requested to increase the use of reproductive health services, prevent HIV/AIDS and other diseases, promote child survival, and improve access to and availability of TB treatment.

The Indian military is one of the largest in the world. It purchases equipment primarily from Russia, Israel, the UK and France. The United States is increasing its military cooperation with India through the joint Defense Planning Group. FY 2004 Foreign Military Financing (FMF) is requested to further promote cooperation and interoperability by encouraging Indian use of U.S. equipment, particularly in the key areas of counterterrorism and naval cooperation. This would include such items as high-tech surveillance and training/support equipment, ground sensors for use along the Line of Control, NBC decontamination equipment, and naval radars. FY 2004 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. Such funds would nurture the close partnership we are forming with India. India will be eligible in FY 2004 to receive grant Excess Defense Articles (EDA) under section 516 of the Foreign Assistance Act.

FY 2004 Nonproliferation, Anti-terrorism, Demining, and Related Programs (NADR) funding for the Export Control and Related Border Security Assistance (EXBS) program is requested to fund continuing activities to assist India in strengthening its export control system. These funds will build on currently scheduled expert-level exchanges addressing subjects such as legal/regulatory reform, licensing automation, and customs enforcement. The EXBS program also provides technical equipment and training such as specialized radiation-detection and imaging machines and training on screening cargo manifest data for enforcement personnel.

**Maldives**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
IMET	125	150	175

The Government of Maldives strongly supports the international war on terrorism, providing U.S. forces blanket over flight and ship clearances during Operation Enduring Freedom. Maldives is a moderate Islamic voice in the region and also supports U.S. positions in international fora. U.S. priorities in this small archipelago nation are to maintain stability by strengthening its democratic institutions, and to coordinate policies in international organizations, especially on such issues as drug trafficking, nonproliferation, international crime, 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 funds will support efforts to professionalize the Maldivian military, build positive military relations to enhance existing cooperation with the United States, particularly on the war on terrorism, and encourage more effective use of the Maldives' defense resources to promote greater self-reliance. IMET will also increase Maldivian military awareness of international human rights norms and proper civilian-military relations.

**Nepal**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
CSH	20,000	20,449	18,500
DA	7,597	11,247	14,311
ESF	3,000	6,000	6,000
FMF	2,000	3,000	10,000
FMF-SUP	12,000	0	0
IMET	377	500	600
P.L. 480 Title II	2,352	0	0
Peace Corps	2,111	2,264	2,402

Nepal is struggling with the dual challenges of refining and institutionalizing a fragile young democracy, while at the same time fighting a bloody Maoist insurgency that has left over 6,400 people dead. Strengthening Nepal and its neighbors 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 moderate democratic rule, and protecting U.S. citizens engaged in travel and business in Nepal.

The Maoists' guerilla campaign employs widespread violence, torture, and kidnappings aimed at overthrowing the constitutionally established government. These insurgents now control at least seven government districts, have a significant presence in at least seventeen others, and have conducted violent activities in seventy-four of the country's seventy five districts. If left unchecked, the spreading conflict could provide a breeding ground for international terrorists and could threaten regional stability. By assisting the government to contain the insurgency, the United States can help show the Maoists that they cannot achieve their goals through violence and must negotiate.

Ordinary Nepalis have grown increasingly frustrated that the promise of the democratic reform of 1990 has not yet been translated into improvements in their lives, an underlying issue that has contributed to the Maoist insurgency. U.S. support for Nepal's counterinsurgency efforts employs a multi-track approach consisting of counter-terrorism training and equipment for the military and police, targeted rural development in areas vulnerable to Maoist influence, help in strengthening weak democratic institutions, and human rights training. While further governance reforms and political unity are sorely needed, the most immediate threat to Nepal's stability is the Maoist terrorist insurgency. Instability in Nepal also threatens regional stability and has serious implications for India and China.

U.S. military assistance will be critical to helping the Government to prevail against the insurgents. FY 2004 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 that provide a long-term solution to the conflict. Specifically, FY 2004 FMF will continue funding training and equipment programs begun in 2002 to improve the Royal Nepal Army's (RNA) ability to prevail against Maoist insurgents. These programs focus on the acquisition of body armor, communications gear, night vision goggles, perimeter protection, and small arms.

The United States has refocused its International Military Education and Training (IMET) program in Nepal to address the RNA's counterintelligence, civil affairs, psychological operations, special forces, medical, and logistics needs. FY 2004 IMET funds are requested to support training aimed at increasing these skills and professionalism of the military. Respect for human rights will be an integral component of all military training. Nepal will be eligible in FY 2004 to receive grant Excess Defense Articles (EDA) under section 516 of the Foreign Assistance Act.

The destabilizing insurgency, combined with rising government military expenditures, has dramatically hurt economic and political development and reforms. FY 2004 Economic Support Fund (ESF) is requested for urgent and high-impact assistance to address underlying causes of the Maoist insurgency. ESF will be used to generate income and job opportunities for the poor in order to provide hope for rural communities and address some of the grievances that the Maoists exploit. These programs will include labor-intensive, small infrastructure projects, as well as agricultural, micro-finance and small enterprise development activities. Based on emerging needs, ESF will also be used to assist victims of torture, returned and demobilized Maoist combatants, and internally displaced persons. On the justice side, ESF will support Nepali initiatives to provide accessible, affordable rule of law to the rural Nepalis by assisting local alternatives to the Maoists "Peoples' Courts," such as alternative dispute resolution. ESF will also support women's literacy, business development and rights, anti-trafficking in persons efforts, and selected election assistance programs. Finally, ESF will provide technical assistance to strengthen national strategic planning and implementation capacity to improve the government's transparency, accountability and effectiveness.

Development Assistance (DA) and Child Survival and Health (CSH) funds requested for FY 2004 will complement FY 2004 ESF funds as an integral part of our strategy to address the root causes of the insurrection, but these funds focus more on meeting Nepal's long-term development needs in response to the Maoist insurgency. FY 2004 DA will be used to expand market-led rural economic development in order to decrease rural poverty, thereby decreasing the appeal of the Maoists; foster policy reforms to remove administrative barriers that inhibit business expansion; improve democracy and governance (for example, by expanding rural access to justice, enhancing judicial strategic planning processes, strengthening of rule of law and justice systems and practices at all levels, increasing citizen participation, strengthening electoral processes, and other means); help attract private investment in hydropower development; and improve education.

Nepal's maternal mortality rate is one of the highest in the world, and child mortality is one of the highest in South Asia, but USAID has made significant gains addressing these problems. For example, through USAID-supported vitamin A supplementation and community-based treatment of child pneumonia cases, 50,000 child deaths are averted annually. More than 17 million Nepalis are vulnerable to malaria, Japanese encephalitis and Kala-azar. The USAID health program has an extensive presence in Nepal. However, essential health care services are severely impacted by the conflict. Additionally, a critical shortage of necessary equipment, supplies and commodities exists. FY 2004 CSH funds will help address problems by supporting crucial population, child survival, HIV/AIDS and infectious diseases, and micronutrient programs.

**Pakistan**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
CSH	14,000	12,500	25,000
DA	10,000	37,500	50,000
ESF	9,500	200,000	200,000
ESF-ERF	600,000	0	0
ESF-SUP	15,000	0	0
FMF	0	50,000	75,000
FMF-SUP	75,000	0	0
IMET	894	1,000	1,250
INCLE	2,500	4,000	38,000
INCLE-ERF	73,000	0	0
INCLE-SUP	15,000	0	0
NADR-ATA	0	0	5,000
NADR-ATA-SUP	10,000	0	0
NADR-EXBS	100	0	1,000
P.L. 480 Title II	5,134	0	0
PKO-ERF	220,000	0	0

Developing and sustaining a strong U.S.-Pakistan relationship will remain critical to a successful U.S. regional strategy for South Asia, and indispensable to continued progress in the global war on terrorism. FY 2004 security assistance to Pakistan will enable continued cooperation with Operation Enduring Freedom (OEF) and will promote stability on its borders. Economic, development, and democratization assistance will promote reform and address the conditions that breed extremism by helping to stabilize the economy and strengthen social, political and economic institutions in ways visible to ordinary Pakistanis.

Improved border security and control in the regions of Pakistan adjoining Afghanistan is in the long-term interest of the United States, Pakistan and the region. FY 2004 Foreign Military Financing (FMF) funds are requested to help achieve our immediate OEF objectives of strengthening the military component of the border security apparatus. FMF will also prepare the way for the broader, long-term objective of reshaping and improving our global defense posture through better security cooperation with Pakistan as a friend, ally and strategic coalition partner. Fixed and rotary wing aerial transport, including C-130's and Cobra and Huey helicopters, are planned for FY 2003. FY 2004 funds will be used for communications, including air-ground radios, to enhance interoperability with the U.S. military, as well as P-3C aircraft for airborne surveillance for the navy to help track maritime smuggling of drugs and al-Qaida operatives. Funds may also be used to sustain and acquire additional U.S.-origin equipment and training, including fighter training, ground support equipment, and high mobility transport vehicles -- the types of systems required to enhance border security and control the influx of terrorists and other infiltrators.

FY 2004 International Narcotics and Law Enforcement (INCLE) funds are requested to improve the effectiveness of Pakistan's law enforcement efforts in three areas: border security, law enforcement development, and counternarcotics. FY 2004 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 aerial transport provided with FY 2001 Emergency Response Fund funds; and fund a new forward operating location in Peshawar that will reach into the North West Frontier Province (NWFP). INCLE will

also support greater cooperation among Pakistani entities on border security intelligence, provide vehicles, communications, surveillance and related equipment for border control, and may construct two or three new border entry facilities to expand border checks and reduce illegal activity.

FY 2004 INCLE funds for law enforcement development will provide technical assistance and training to develop strategic plans for law enforcement services and education; enhance infrastructure and capabilities of the provincial and national law enforcement academies; help to improve the criminal investigative capacities of provincial and federal level law enforcement personnel; equip forensics laboratories; and provide vehicles and communications equipment to link police at the local, provincial, and federal levels to law enforcement agencies not covered under the border security program. FY 2004 INCLE funds requested for the counternarcotics programs will be used to complete the Khyber road building project; to support the Pakistani Anti-Narcotics Force, including in the areas of opium poppy surveys and eradication; to assist the narcotics courts; to improve Pakistan Coast Guard and Maritime Security Agency capacity; and to support drug demand reduction programs.

The FY 2004 security assistance request for Pakistan includes International Military and Education Training (IMET) to promote military-to-military rapport, understanding, and mutual cooperation leading to increased rationalization, standardization, and general interoperability between Pakistan and the United States. IMET will also assist 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. Pakistan will be eligible in FY 2004 to receive grant Excess Defense Articles (EDA) under section 516 of the Foreign Assistance Act.

FY 2004 Nonproliferation, Anti-terrorism, Demining, and Related Programs (NADR) funding for the Export Control and Related Border Security Assistance (EXBS) program is requested to fund activities to assist Pakistan in strengthening its export control system. The EXBS program organizes expert-level exchanges addressing subjects such as legal/regulatory reform, licensing automation, and customs enforcement. The 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.

In addition, the FY 2004 NADR request 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.

On the economic side, FY 2004 Economic Support Fund (ESF) is requested to continue U.S. support for macro-economic stabilization in Pakistan. As evidenced through provision of economic support in 2002, such assistance effectively bolsters the government and leverages the popular support needed for continuing cooperation with OEF, and provides fiscal flexibility for the government to carry out economic and social reforms. FY 2004 ESF will be provided as budget support designed to encourage continued reforms in the education, economic, governance, and health sectors, multiplying the effectiveness of Development Assistance (DA)-funded programs in these areas.

To promote grassroots support for the government's reform efforts as well as U.S.-Pakistani cooperation in an environment fraught with extremist tensions and poverty, U.S. development programs in Pakistan are designed to provide tangible benefits for ordinary citizens. Education is key to improving Pakistan's economic and political development prospects amid poor literacy and low school enrollment and student retention rates, especially for girls. FY 2004 DA is requested for the ongoing \$100 million five-year U.S. education program begun in 2002 and complements the government's education sector reform program. U.S. funds will support non-governmental organization grants for primary school teacher training, curriculum development and modernization, and sustainability through community support. Adult and youth literacy education programs will target out-of-school youth and illiterate adult populations, with a focus on women and girls. DA projects will also create opportunities for the poor through expansion of micro-enterprise credit and business development support in poorer, rural regions as well as support to strengthen business associations and chambers of commerce.

Pakistan has a very high population growth rate, and 26 percent of children are moderately to severely underweight. FY 2004 Child Survival and Health (CSH) funds are requested to provide crucial maternal and child health and family planning services, including decentralized healthcare service delivery and HIV/AIDS awareness and education. These programs will be coordinated under a joint U.S.-Anglo health sector strategy focusing concrete U.S. projects at provincial and community levels, while the British Department for International Development (DFID) provides support to the federal and health and population welfare ministries.

Pakistan's national elections in October 2002 restored a civilian government at the national and provincial levels that over the next few years must prove more responsive and accountable than previous civilian governments or face the possible risk of yet another military intervention. Assistance provided by the United States and other donors will help strengthen both the demand and capacity for good governance. FY 2004 DA requested for the U.S. democracy and governance program will be used to strengthen the ability of communities to address local development problems jointly with their local, provincial and national elected officials and representatives. New leadership and accountability will be fostered in issue-based civil society organizations and political parties. U.S. programs will also support informed policy analysis in the national and provincial assemblies through training programs targeted particularly at the many junior women legislators elected for the first time, and by making the services of think tanks, consultants or university experts available to legislators to help them write better laws or hold the government accountable for programs and public expenditures. U.S. programs will also strengthen Pakistan's emerging private radio and television industries as well as public media, to assure both responsible news and public debate on the radio, and to provide journalists and the public with ample opportunity to monitor and debate the work of their elected representatives.



**Sri Lanka**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
CSH	300	300	500
DA	5,150	5,750	5,000
ESF	3,000	4,000	14,000
FMF	0	0	1,000
IMET	259	350	500
NADR-HD	0	0	1,600
NADR-SALW	0	0	100
P.L. 480 Title II	1,325	0	0
PKO	0	0	1,000

Following nearly twenty years of civil conflict, the Foreign Terrorist Organization-designated Liberation Tigers of Tamil Eelam (LTTE) and the government of Sri Lanka embarked on historic peace talks in 2002. A peaceful resolution to Sri Lanka's ethnic conflict could provide a model for similarly conflicted countries in and near 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. FY 2004 assistance to Sri Lanka is designed to strengthen efforts to establish peace, alleviate economic damage and reintegrate the Tamil areas, and assist in the reconstruction of a secular, multi-ethnic state that can serve as an anchor of stability in a volatile region.

To promote the peace process, FY 2004 Economic Support Fund (ESF) is requested for immediate, high-impact programs across a range of sectors. Democracy programs will promote political reintegration through programs concentrated in the North and East. These include establishing local mediation boards administered by the Ministry of Justice; civic education; North-South youth exchanges; building local government capacity to provide services; and supporting peace secretariats at the provincial level that will coordinate community input and ensure government accountability with regard to implementing peace agreement obligations. National level democracy programs will include political party development, legislative strengthening, and constitutional reform. FY 2004 ESF-funded reconstruction and reconciliation programs will support, for example, skills and job training; restoration of forest products, fish and other traditional industries; micro-finance projects and shelter construction; and information technology (IT) youth linkages and IT training and employment opportunities. Funds will also support mine risk education and prosthetic rehabilitation; HIV/AIDS prevention and awareness; and psychosocial support for children and youth in conflict-affected areas, including through inter-ethnic camps, clubs and networks.

FY 2004 Development Assistance (DA) and FY 2004 Child Survival and Health (CSH) funds are requested for longer-term development programs. FY 2004 DA economic programs will concentrate on reforming vocational education and building strong public-private labor partnerships to increase responsiveness to private sector needs. Funds will also help boost agricultural productivity through reform, training, privatization, World Trade Organization compliance and restructuring to restore growth and expand employment and labor productivity. Finally, DA economic programs will support rationalizing basic financial effectiveness of a downsized government through a joint USAID - Treasury project; as well as reforming operations of the Customs Department.

Sri Lanka has a long democratic tradition, yet the important challenge of integrating the North and East following a formal agreement calls for sustained efforts in the political sector. FY 2004 DA for democracy will fund programs to establish a democratic culture and peaceful dispute resolution through civic

education, reduce the propensity for conflict among key groups, and expand access to legal aid for vulnerable groups. A community level related governance program will construct and repair small-scale infrastructure. Finally, FY 2004 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.

FY 2004 CSH programs will improve the nutritional status of children and adolescents in the North, East and the dry zones of the South; and will promote HIV/AIDS prevention and awareness among populations vulnerable through internal displacement, internal and out-labor migration, gender-based violence, and the absence of reproductive health education and services.

FY 2004 Foreign Military Financing (FMF) funds are requested for Sri Lanka to provide training, services, and equipment in connection with a long-overdue overhaul of its defense establishment. This may include, for example, improved night vision capability, search and rescue equipment, surveillance sensors, support for air transport, and spare parts. FY 2004 Peacekeeping Operations funds are requested to support transportation, equipment, and/or the continuation of any peacekeeping mission resulting from the peace settlement in Sri Lanka. FY 2004 International Military Education and Training (IMET) is requested to assist in modernizing the Sri Lanka military staff college to increase professionalism among the mid-ranking officer corps. The bulk of the FY 2004 IMET funds will enable 12-15 Sri Lankan mid-ranking officers to train in the United States and will send 40-50 members of Mobile Training Teams to Sri Lanka. Sri Lanka will be eligible in FY 2004 to receive grant Excess Defense Articles (EDA) under section 516 of the Foreign Assistance Act.

FY 2004 NADR Humanitarian Demining (NADR/HD) funds are requested to help reduce the humanitarian impact of landmines, to facilitate economic recovery and to support the reintegration of the North and South. FY 2004 NADR Small Arms and Light Weapons (NADR/SALW) destruction funds are also requested to assist with the demobilization efforts that will prevent the re-circulation of those weapons in the region.

**South Asia Regional Funds**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
ESF	3,500	2,000	2,000

South Asia's FY 2004 regional Economic Support Funds (ESF) are requested for cross-border initiatives and higher-risk pilot projects less appropriately funded with bilateral ESF. These modest initiatives will be used to build cooperation, trust and regional synergies towards the goals of political and economic reform, conflict mitigation and post-conflict reconciliation. ESF funds will be programmed for projects involving more than one of South Asia's countries -- to include Afghanistan, Bangladesh, Bhutan, India, the Maldives, Nepal, Pakistan and Sri Lanka -- in the following areas:

- promoting conflict mitigation and reconciliation including, if appropriate, projects in Kashmir that build confidence between divided communities through infrastructure (schools, clinics, minor road repairs), microenterprise, workshops or other projects;
- promoting democracy or human rights, including political party reform, anti-corruption initiatives, combating trafficking in persons, labor rights, and promoting international religious freedom;
- addressing cross-border environmental issues, including water quality, drought mitigation, air pollution, forest management or arsenic poisoning; and
- promoting regional and ethnic economic integration, including small business joint ventures, exploring economies of scale, or otherwise establishing or strengthening cross-border or inter-ethnic integration through shared economic activities.

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## WESTERN HEMISPHERE

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**Argentina**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
FMF	1,000	2,000	1,500
IMET	1,025	1,000	1,100

The top U.S. priority in Argentina is to promote recovery of economic growth and the solidity of democratic institutions. Argentina's once stable two-party system has been shaken by the country's sharp economic decline as well as by public challenges over corruption, the responsiveness of public institutions, and judicial inefficiency. Despite these challenges, Argentines have shown an overwhelming commitment to democracy, and Argentina has continued to perform its important leadership role in hemispheric affairs. Strengthening democratic institutions will support our commitment to cooperation on international security and regional stability. In the long-term interests of hemispheric economic welfare, we will support efforts to restart economic growth through structural reform and enhanced trade. We will support bureaucratic and judicial reform, as well as programs aimed at combating corruption. 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 counter-narcotics activities, which are centered in the tri-border area with Brazil/Paraguay. Although the severe economic decline of 2002 has reversed positive trends in U.S. exports to Argentina and direct investment, with the eventual restoration of macroeconomic stability, opportunities exist for further expansion.

Foreign Military Financing (FMF) funding enables Argentina's armed forces to improve their peacekeeping capacity through purchases of up-to-date communications and transport equipment, at a time of severe budget austerity. While Argentina has a long record of participating in international peacekeeping operations, a lack of maintenance support and spare parts has limited the availability for key equipment such as C-130 transport aircraft. In FY 2004, FMF will be used to increase Argentina's ability to participate in peacekeeping missions. Funds will be used to support increases in training, interoperability, purchases of needed equipment, and perhaps most importantly provide C-130 logistical support.

Argentina has also been Latin America's largest user of U.S. Excess Defense Articles (EDA). Argentina will be eligible in FY 2004 to receive EDA on a grant basis under Section 516 of the Foreign Assistance Act. Transfer of grant EDA to Argentina continues our policy of supporting Argentina, as a major non-NATO Ally, at a time when fiscal austerity has drastically shrunk Argentine defense spending. It enables Argentina to continue its productive cooperation with the United States and NATO in international peacekeeping operations. Grant EDA helps the GOA obtain NATO-compatible equipment, such as transport and communications equipment, improving interoperability with NATO forces in peacekeeping operations.

International Military Education and Training (IMET) courses increase Argentine interoperability with U.S. and NATO forces, which bolsters its strong participation in worldwide peacekeeping activities. IMET also plays a key role in developing civilian experts who can administer the Argentine defense establishment effectively. Having contributed to UN peacekeeping missions in East Timor, Western Sahara, Ethiopia-Eritrea, Iraq-Kuwait, Cyprus, Bosnia, and Kosovo, Argentina ranked 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 2002 Actual	FY 2003 Request	FY 2004 Request
FMF	100	100	100
IMET	144	140	140
INCLE	1,200	1,200	1,000

Because of the proximity of The Bahamas to the United States, the United States has a strong interest in a stable and democratic Bahamas that will work closely with the United States on bilateral, regional, and multilateral issues. Principal U.S. interests in The Bahamas include ensuring the safety and security of approximately 8,000 American residents and more than three million annual American visitors; stopping the transshipment of illicit drugs and illegal immigration through the Bahamian archipelago; and combating international financial crime, including money laundering and financial support for terrorism.

Only 50 miles from the United States at its closest point, the Bahamian archipelago is a major transshipment point for illegal narcotics trafficking and illegal migration to the United States. After tourism, financial services represent the biggest industry. For the sake of regional and U.S. security concerns, it is important that the Bahamian government be strong enough to combat the threat to its sovereignty and its banking industry represented by illegal drug trafficking, money-laundering, corruption, terrorism, and other crimes. The Bahamas, the Turks and Caicos Islands, and the United States are partners in Operation Bahamas and Turks and Caicos to combat illegal narcotics trafficking. In this joint operation Bahamian and Turks and Caicos police and U.S. Drug Enforcement Administration personnel cooperate with U.S. Coast Guard and U.S. Army helicopter crews in missions against suspected drug smugglers. In 2002 OPBAT seized 5.341 metric tons of cocaine and 14.325 metric tons of marijuana.

The Bahamas will be eligible to receive Excess Defense Articles (EDA) in FY 2004 on a grant basis under Section 516 of the Foreign Assistance Act. EDA will be used to promote counter-drug efforts, maritime support, inter-operability and modernization of equipment. International Military and Education Training (IMET) and Foreign Military Financing (FMF) funds are used to educate, train, and equip the Defense Forces to increase their effectiveness. FMF will be used to develop command, control, and communications architecture capable of supporting conduct of joint/multi-national counter-drug (CD) operations and conduct CD interdiction operations. U.S. military interaction includes Joint Combined Exercises and Training deployments, construction and humanitarian deployments, demand reduction campaigns of Military Information Support teams, and disaster relief exercises.

International Narcotics Control and Law Enforcement (INCLE) funding supports Bahamian government efforts to carry out drug enforcement operations and investigations by providing operational support, training, and equipment. In 2001-2002 the U.S. provided three fast patrol boats to The Bahamas to assist with drug interdiction. It also supports institution-building efforts by the Bahamian government through its multi-year projects to reform the Bahamian courts by promoting procedural changes and more efficient management of drug cases and to computerize all Bahamian courts. The U.S. Embassy also works closely with Bahamian officials to support anti-money-laundering efforts and to encourage the Bahamian government to act more effectively in seizing drug traffickers' assets.

The safety and security of American citizens is a principal U.S. objective. U.S. officials in The Bahamas maintain close liaison with the Bahamian police, keep U.S. citizens informed of threats from crime and hurricanes, maintain registration and warden systems, and work with Bahamian officials to improve aviation safety and airport security. Other important U.S. objectives are to deter illegal immigration and

maintain effective border controls, and to eliminate barriers to foreign investment and trade and participate fully in the Free Trade Area of the Americas and the World Trade Organization.

**Belize**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
FMF	200	300	200
IMET	212	175	200
Peace Corps	1,464	1,555	1,680

The United States seeks to stanch the flow of illicit drugs through Belize and to make it a less attractive location for other criminal activity, such as money laundering, trafficking in undocumented aliens and stolen vehicles, and smuggling of artifacts and wildlife. Improving the administration of justice and making the police more effective will improve conditions for U.S. investors and traders and for the 110,000 U.S. citizens who visit Belize each year. The United States also has an interest in assisting Belize in protecting the 40 percent of its territory that consists of national parks and nature preserves, which shelter extensive rainforests and diverse wildlife, and its barrier coral reef, the second longest in the world.

Because of its proximity to the United States and its position linking vulnerable Central American and Caribbean states, Belize is an ideal transit point for illicit drugs headed for the United States. Easy access to the United States and Mexico makes Belize an attractive staging area for other international crimes as well. It is a market for vehicles stolen in the United States, a potential site for money laundering, and an origin point for smuggled wildlife and artifacts. Modest International Narcotics Control and Law Enforcement (INCLE) Latin American Regional funding provides training and assistance to disable drug organizations, improve the collection and dissemination of counternarcotics intelligence, increase interdiction of illicit drugs, and improve Belize's ability to deter and detect money laundering. INCLE funding also seeks to improve the professionalism and performance of police and prosecutors, provide technical support for the judicial system, and reduce the flow of stolen vehicles from the United States to Belize. The United States is the largest foreign investor in Belize and its biggest trading partner, and U.S. citizens account for the majority of Belize's tourists. Improvement of the police and the judicial system would make it safer and easier for American tourists and business.

In 2000, the United States and Belize signed a new extradition treaty, a mutual legal assistance treaty, and an overflight and landing protocol to an existing maritime counternarcotics cooperation agreement. The extradition treaty came into force early in 2001, stolen vehicles treaty in 2002, and the mutual legal assistance treaty is expected to come into force in 2003. These legal instruments greatly enhance the ability of the United States and Belize to cooperate effectively to combat crime. As part of a 5-year modernization and professionalization program, FY 2004 International Military Education and Training (IMET) and Foreign Military Financing (FMF) programs will provide training, equipment and logistical enhancements for a 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 improves the professionalism and competence of the BDF, making it a more effective partner when operating with U.S. forces in joint exercises and enabling it to protect Belize's national parks, nature preserves, and barrier reef. Belize will be eligible in FY 2004 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. International Narcotics Control and Law Enforcement (INCLE) funds will support U.S.- Belize counternarcotics cooperation and a program to assist Belize in upgrading its passport security and border control.

**Bolivia**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
CSH	19,690	18,513	14,402
DA	12,853	12,230	11,380
ESF	10,000	10,000	8,000
FMF	500	2,000	4,000
IMET	712	800	900
INCLE	87,600	91,000	91,000
P.L. 480 Title II	19,566	21,525	21,655
Peace Corps	2,922	3,032	3,294

The most urgent U.S. interest in Bolivia is to stop the illicit production of coca and the export of cocaine and other illicit products to the world market. Integral to the counternarcotics fight is U.S. support of Bolivian democracy, as a stable and more inclusive democracy is a necessary condition for continued success in this arena. 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, police and other organizations vital to ensuring better Bolivian control over its long, sparsely inhabited borders and its domestic institutions. Increasing and sustaining Bolivia's capabilities in peacekeeping is vital to ensuring that they continue in their role as peacekeepers in crises around the world. The preservation of Bolivia's biodiversity is vital to the global environment and a means of ensuring sustainable economic growth. Improving health conditions will alleviate the burden of poverty and improve the human capacity for economic growth.

Bolivia, long considered one of the least democratic countries in the Andean region, has had an uninterrupted succession of elected governments since 1982. Market reforms and sound macroeconomic policies resulted in steady if unspectacular growth, until recession in the region caught up with Bolivia in 2000. Despite successful completion of the process for debt relief under the Heavily Indebted Poor Countries program and prospects for natural gas development, the economy in 2002 was practically stagnant. Bolivia remains the world's third largest producer of illicit coca; recent demonstrations and violence by coca growers have sidetracked eradication and enforcement efforts.

The FY 2004 budget request remains at a high level compared to previous years, including a 50% increase in Foreign Military Financing (FMF), and reflects the amount of support required to sustain counternarcotics operations in two distinct regions. In the Chapare, replanting of coca is ongoing and must be prevented. In the Yungas, where many narcotics traffickers displaced from the Chapare have relocated, the United States is expanding efforts to control the legal coca market and the illegal diversion of legally-grown coca to cocaine processing. Violent ambushes of eradication and interdiction forces in the Chapare and in the Yungas in early 2003 highlight the need to increase significantly both manpower and commodity resources in these volatile regions. Assistance efforts are aimed at consolidating the gains and reestablishing control, while combating the poverty and corruption that threatens what is still the poorest country in South America.

FY 2004 goals include the eradication of all residual coca, the prevention of new plantings in the Chapare, and the elimination of all illegal coca in the Yungas. Andean Counterdrug Initiative (ACI) funds will be used to consolidate earlier eradication successes to ensure that coca cultivation and drug trafficking do not regain a foothold in Bolivia. The FY 2004 budget request will support Bolivian efforts to halt the production of illegal coca in the Yungas and the Chapare and the exportation of cocaine from Bolivia. It will support increased interdiction of essential precursor chemicals and cocaine products, enhance judicial capability to prosecute narcotics-related crime, promote alternative economic development, expand demand reduction efforts in Bolivia, and improve the quality of investigations into alleged human rights violations.

Development Assistance (DA) 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 and judicial reforms. The U.S. Mission is focusing on opportunities to better incorporate Bolivia's disadvantaged indigenous majority into the political mainstream and to support the new Government of Bolivia's anti-corruption efforts. Support for sustainable management of renewable natural resources will aid the country in sustaining economic growth. In the health sector, stabilizing population growth by encouraging increased use of family planning services and supporting other health sector initiatives are two key areas. DA/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 to the primary care level.

Economic Support Funds (ESF) will be used to strengthen municipal governments and improve congressional capacities, complemented by civil society activities to further consolidate democratic values and practices. Other ESF funds will be used for economic growth activities to further Bolivia's ability to compete in the global economy.

FMF funds will be used to educate, train, and equip the Bolivian security forces to increase their effectiveness in their traditional national security role, which will help ensure regional stability and provide security for drug eradication and interdiction operations, as well as support their multilateral role as international peacekeepers. We are working with the military to better coordinate their counter-terrorism activities and to enhance their ability to respond to threats. Some of these funds will be spent to increase Bolivia's peacekeeping capabilities and to ensure that they continue to remain engaged in peacekeeping operations around the world. Bolivia currently has forces deployed in the Congo, as well as observers in Guatemala, Cyprus, Kosovo, Kuwait, Sierra Leone, 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 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act in FY 2004. 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 2002 Actual	FY 2003 Request	FY 2004 Request
CSH	9,150	11,821	12,011
DA	4,799	6,680	8,222
IMET	437	500	500
INCLE	6,000	12,000	12,000

U.S. national interests in Brazil are: regional stability; control of narcotics, crime, terrorism, and infectious disease; and economic prosperity. Brazil is a leader in the hemisphere, and there are many opportunities for greater cooperation on issues of mutual concern. Areas of potential 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 U.S., has formed a working group to combat the threat of terrorism in the tri-border area where Argentina, Brazil and Paraguay come together. 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 also faces a growing domestic drug abuse problem. The new 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 prompts 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 global economy, and particularly in the Free Trade Area of the Americas (FTAA) process which we now co-chair with Brazil, and the new round of World Trade Organization (WTO) negotiations, is critical to U.S., as well as Brazilian, economic prosperity. The FTAA and WTO negotiations will help advance U.S. goals of encouraging the further opening of Brazil's market to U.S. products and services, promoting U.S. exports, coordinating policies encouraging fiscal stability and structural reform, and supporting Government of Brazil (GOB) policies leading to broad-based economic growth. Brazil's increased emphasis on containing spillover of crime and violence from Colombia has contributed to broader engagements with the United States on counternarcotics cooperation. While there is little likelihood at present that Brazil will become a significant narcotics producer, it is a major transit country for illicit drugs shipped to the United States and Europe. Increasingly, drugs flowing into Brazil supply a domestic abuse problem: the amount of cocaine used in Brazil is now second only to the amount used in the United States. Andean Counterdrug Initiative (ACI) funds will be used to address narcotics use and trafficking in Brazil through: (1) providing equipment and training to improve the capability of Brazilian law enforcement agencies to combat trafficking; and (2) assisting drug education, awareness, and demand reduction programs. Greater emphasis 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 countries. The International Military Education and Training (IMET) program allows the United States to share its long experience of civilian control of the military and promotes Brazil's ability to serve in international peacekeeping missions as well as the interoperability of U.S. and Brazilian forces.

Brazil will be eligible in FY 2004 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Provision of grant EDA to Brazil encourages enhanced interoperability of our military forces.

Due to its vast rain forests, Brazilian cooperation is key to a global environmental strategy. U.S. environmental assistance is aimed at reducing emissions of greenhouse gases associated with climate change and protecting biodiversity - actions with a global impact. Development Assistance (DA) 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 2002 Actual	FY 2003 Request	FY 2004 Request
FMF	500	1,000	500
IMET	570	600	600

U.S. national interests in Chile include promoting prosperity through enhanced bilateral and multilateral economic and commercial ties (e.g., the recently completed bilateral Free Trade Agreement and multilateral Free Trade Area of the Americas now being negotiated). They include the promotion of healthy, democratic institutions, including a reformed criminal justice system, and the furtherance of common viewpoints on a range of important regional and global issues (Chile has just taken up a seat on the UN Security Council). U.S. national interests are enhanced by supporting increased Chilean participation in international peacekeeping operations and interoperability of Chilean forces with U.S. and other peacekeeping forces.

The FY 2004 request for International Military Education and Training (IMET) funding will be used to bolster regional stability and democracy by contributing to the 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 officers, and senior officers. Other training in equipment maintenance, logistics, and resources management also increases Chile's ability to maintain U.S. equipment in its inventory. We have sought increased interoperability as supporting Chilean participation in international peacekeeping operations and other regional exercises.

FY 2004 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 2004 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 be used to assist Chile in implementing effective money laundering and precursor chemical controls, and to enhance its own narcotics investigation, interdiction, and demand reduction capabilities. In addition, INCLE funds will provide modest amounts of training and support to Chile's two main law enforcement institutions, the Carabineros and the Investigations Police.



**Colombia**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
FMF	0	98,000	110,000
IMET	1,180	1,180	1,600
INCLE	373,900	439,000	463,000
INCLE-SUP	6,000	0	0
NADR-ATA-SUP	25,000	0	0

U.S. interests in Colombia focus on counternarcotics and counterterrorism, regional stability, supporting democracy, protecting human rights, providing humanitarian assistance, and fostering mutual economic prosperity. None of these challenges can be addressed in isolation and our programs for Colombia reflect this. We share Colombia's vision of a prosperous democracy, free from the scourges of narcotics trafficking and terrorism, which respects 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 in which guerrilla and paramilitary forces have become deeply involved. There is no easy 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 comprehensive strategy responding to all of these issues. The Uribe Administration (which took office in 2002) has reaffirmed its full commitment to the goals of Plan Colombia.

U.S. counternarcotics goals remain at the center of relations with Colombia, which now supplies 90 percent of cocaine consumed in the United States and the bulk of heroin confiscated on the East Coast. 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 these scourges.

The United States has other important interests in Colombia, which include regional stability, trade and investment, international law enforcement, support for an embattled democracy, human rights, the rule of law, and the protection of U.S. citizens.

The proposed Andean Counterdrug Initiative (ACI) for FY 2004 builds upon the programs begun in FY 2000 and sustained by the FY 2002 and FY 2003 appropriations and the FY 2002 Supplemental Appropriations Act. Drawing on \$463 million for ACI, it continues 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.

Eradication and interdiction programs will continue to combat drug production and trafficking in coca-rich southern Colombia. Colombia remains the world's leading producer of cocaine and is an important supplier of heroin to the U.S. market. Colombian authorities increased the aerial eradication program and treated over 94,000 hectares of coca in 2001 and a record of 122,000 hectares in 2002. Continued U.S. support will assist the GOC to achieve these goals.

A prime goal in FY 2003 is to spray 200,000 hectares of coca and 10,000 hectares of opium poppy. Repeated spraying is critical to deter replanting and allow the GOC to reduce coca cultivation by the end of FY 2006 to 50 percent of the 2000 level. If successful, and if aerial eradication continues at the same rate in 2004, then we can expect to see significant decline in drug production.

FY 2004 funds are also requested to provide training and operational support for the COLAR'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. Counternarcotics funding will continue to provide logistical support for expanded eradication operations.

Programs promoting democratic and human rights norms are based on fundamental U.S. values and are intended to assist Colombia's reform efforts and achieve greater political stability in the hemisphere. In addition, humanitarian assistance to internally displaced persons meets the U.S. long-term objective of stabilizing the region and providing legitimate employment and agricultural programs to replace cultivation of illicit drug crops.

The International Military Education and Training (IMET) program complements these U.S. objectives in Colombia. IMET assistance provides training for the Colombian military, including a strong emphasis on human rights, the observance of which is central to our support for the military and police.

Colombia will be eligible in FY 2004 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Transfer of grant EDA to Colombia continues our primary foreign policy objectives of fighting drugs and supporting the ongoing peace negotiations between the Government of Colombia and the insurgents. In addition, receipt of grant EDA will enable Colombian security forces to improve protection of human rights and create a climate of stability conducive to trade, investment, and economic development.

The Administration has sought to rationalize its funding requests by seeking ACI funding for activities that are more directly related to our counternarcotics programs and FMF funding for those addressing counterterrorism, recognizing that both support Colombia's unified campaign against narcotics trafficking and terrorism.

In FY 2004 we are requesting \$110 million in Foreign Military Financing (FMF) to continue our support to Colombia. President Uribe has committed to defeat the U.S.-designated Foreign Terrorist Organizations. FMF will support Colombia's National Security Strategy to extend central government authority and governance to areas heretofore prey to terrorists and narcotics traffickers.

President Uribe has committed to defeat the terrorists and narcotics traffickers that threaten Colombia, its neighbors and the United States. He has committed to a goal of increasing defense and security spending from 3.5% of GDP to 5.8% in 2003. Nevertheless, Colombia will still require significant U.S. assistance for counternarcotics and counterterrorism. Colombian security forces are deficient in the key areas of mobility, intelligence, sustainment and training. Our FMF request supports Colombia's integrated national strategy with significant military and counternarcotics elements which depend on the Colombian military's ability to establish a secure environment.

We intend to provide training, weapons, night vision goggles and communications equipment to the Army's elite mobile brigades and the Special Forces brigade (known by the Spanish acronym FUDRA) in order to attack high priority narcotics and terrorist targets. The 5th and 18th Colombian Army Brigades, being trained in 2003 to provide protection to the Cano Limon-Covenas pipeline will receive additional munitions, equipment and training to continue this high profile and important mission. Other programs envisioned with FMF funding will support the Colombian Navy and Air Force and include the provision of

interdiction boats, training and infrastructure improvements, the purchase of two additional AC-47 gunships and a C-130 support plan that will procure four C-130e aircraft and maintenance support, 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 air operations. Our request includes funds to purchase CSAR and medevac-related equipment and training for Army and Air Force aviation units, enhancing both Colombian military abilities and force protection of U.S. personnel in Colombia.

**Costa Rica**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
IMET	389	400	400
Peace Corps	899	1,191	1,374

U.S. primary national interests in Costa Rica continue to be to promote trade and a vibrant, diverse economy; increased counternarcotics cooperation; and support for sustainable development and sound environmental management - another area in which Costa Rica has been a regional leader. Costa Rica remains among the most stable nations in the hemisphere. Exerting international influence in greater proportion than the country's size would suggest, the Government of Costa Rica (GOCR) has for decades proven itself a strong ally in promoting economic development, integration, human rights, and regional stability. Costa Rica has become a staunch U.S. partner in the fight against international crime, greatly expanding and complementing U.S. law enforcement efforts in the region. Current negotiations for a U.S.-Central America Free Trade Agreement provides an important opportunity for Costa Rica to attract investment, create jobs, and increase 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 maintains no traditional military, the International Military Education and Training (IMET) program promotes the U.S. goal of ensuring peace and regional security. The FY 2004 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.

Likewise, as the GOCR assumes an increasingly sophisticated counternarcotics role and begins to address trafficking in and sexual exploitation of children, IMET training provides access to modern, state-of-the-art law enforcement training.

The GOCR recognizes the growing threat it faces as a drug-transiting country from narcotrafficking and has become one of the most important U.S. counterdrug allies in the region. Costa Rica receives no direct, bilateral International Narcotics Control and Law Enforcement (INCLE) funds. The United States provides INCLE funds from regional allotments, however, to support Costa Rica's expanding domestically-funded programs, which serve to amplify and reinforce U.S. hemispheric law enforcement efforts. These funds finance a variety of initiatives to strengthen law enforcement capabilities and to provide the law enforcement community the tools to do their job. In 1999 Costa Rica became the first country in Central America to sign a Bilateral Maritime Counternarcotics Agreement with the United States.

Costa Rica will be eligible in FY 2004 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Transfer of grant EDA to Costa Rica is consistent with U.S. efforts to reduce the drug flow and promote regional stability in Central America. Most EDA will be used to enhance counternarcotics capabilities, including communications equipment and air and maritime assets. Costa Rica's political stability and commitment to democracy is unusual in Latin America. Internal security is maintained by local police and lightly armed security forces under the Ministry of Public Security. (Costa Rica abolished its military in 1948.) The transfer of EDA demonstrates USG support of Costa Rica's democracy and encourages interoperability and the modernization of equipment.

In 2004, the Peace Corps in Costa Rica is initiating a reinsertion and growth strategy. This strategy is consistent with GOCR objectives in addressing issues of rural poverty and youth.

**Cuba**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
ESF	5,000	6,000	7,000

U.S. national interests in Cuba are fostering an open economy, democracy, and respect for human rights; protecting American citizens; and controlling U.S. borders by ensuring safe, legal, and orderly migration from Cuba.

U.S. policy encourages a peaceful transition to democracy in Cuba, thereby averting instability in a post-Castro Cuba that could provoke massive illegal immigration and make it difficult to control U.S. borders. The requested funding will be used to increase the flow of alternative information to the island, strengthen civil society, and increase the Cuban people's openness to reforming an inherently unstable system that remains dependent on a single person, Fidel Castro.

In support of this policy, 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 reduce substantially the pressures for illegal migration to the United States. In support of democracy and civil society, ESF provides grants to U.S. universities and NGOs to:

- Provide a voice to Cuba's independent journalists.
- Build solidarity with Cuba's human rights activists;
- Help develop independent Cuban NGOs;
- Provide direct outreach to the Cuban people; and,
- Further planning for future assistance to a transition government in Cuba.

**Dominican Republic**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
CSH	9,532	11,409	13,110
DA	6,450	8,000	10,600
ESF	2,300	3,500	3,000
FMF	350	320	320
IMET	527	500	500
Peace Corps	3,121	3,296	3,630

The principal U.S. interests in the Dominican Republic are promoting economic growth and development, safeguarding homeland security and protecting U.S. citizens, fighting international crime, illegal migration and drug trafficking while strengthening democratic institutions.

The United States will use Economic Support Funds (ESF) and Development Assistance (DA) to strengthen democratic institutions and help maintain economic growth in the Dominican Republic. These accounts will be used to improve the administration of justice, combat corruption, and improve basic education and competitiveness. Technical assistance and training will be provided to: (1) support improvement in the administration of courts and prosecutors' offices; (2) support prosecutors in criminal case management and prosecution; (3) support strengthening of the Inspector of Tribunals and the Public Ministry's Anti-Corruption Unit; (4) support civil society advocacy for justice reform programs; and (5) support strengthening the Public Defender system. The programs will further the National Competitive Strategy, which helps integrate production and marketing of small and micro-enterprises.

U.S. funding will help address the causes of rural poverty and help build a more competitive and equitable society. Programs will focus on improving basic health services, including providing access to HIV/AIDS prevention and care programs. Attaining this goal will reduce incentives for illegal immigration and Dominican participation in drug trafficking and other international criminal activities, while helping to make the Dominican Republic a more attractive environment for American investors and tourists.

International Military Education and Training (IMET) funds will be used primarily to provide professional training designed to increase awareness on the part of the Dominican security forces of their role and responsibility for ensuring that human rights are respected while strengthening the rule of law. Foreign Military Financing (FMF) funds will be used to support coastal patrol boats and Air Force surveillance training in support of counter-drug operations and illegal migrant interdiction efforts and provide support for specialized equipment (night vision and communications equipment). FMF also will be used to provide tactical communications that will facilitate coordination of the military's natural disaster response efforts.

The Dominican Republic will be eligible to receive Excess Defense Articles (EDA) in FY 2004 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 2002 Actual	FY 2003 Request	FY 2004 Request
ESF	10,800	0	0
FMF	2,000	2,130	2,000
IMET	672	700	700
Peace Corps	2,019	2,608	2,939

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, who make up a significant portion of the U.S.' third border, to resist the inroads of drug traffickers, money launderers, and other international criminal elements. At the same time, 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. The U.S. will seek to deny potential terrorists and others that would do harm to the U.S. these means and weaknesses in the Caribbean to exploit to their advantage as they are denied other areas of operation by the war on terrorism. Promoting Caribbean regional security and economic prosperity is, therefore, in the clear interest of the United States.

A major U.S. goal in the Eastern Caribbean is to increase the capacity of national security forces of the region to deal with terrorism, drug trafficking, financial crime, illegal trafficking in arms, alien smuggling, natural disasters, and external threats. At the same time, the United States aims to strengthen the ability of the Caribbean Regional Security System (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 be focused 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 to help make the individual nations more effective partners in maintaining their stability, increase their capacity to respond to drug trafficking and other challenges and reinforce the region's response to the HIV/AIDS crisis.

The seven countries of the Eastern Caribbean will be eligible to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act in FY 2004. EDA will be used in the region to promote interoperability and modernization of equipment. The provision of grant EDA will strengthen the region and enhance the ability of Eastern Caribbean security forces to deal with the problems posed by drug trafficking, alien smuggling, environmental violations, and natural disasters.

As small island economies with limited ability to diversify production, high sensitivity to global economic conditions, environmental fragility, and susceptibility to hurricanes and other natural disasters, the nations of the Eastern Caribbean are particularly vulnerable in several ways. USAID, through a portion of its



Caribbean Regional Program (CRP), will use Development Assistance (DA) to implement a strategy in the Eastern Caribbean that addresses several areas of vulnerability:

- First, the CRP aims to 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, and stimulate a more conducive business environment. DA funds will support micro and small businesses by reducing barriers to increased production and marketing of goods (including non-traditional agricultural goods) as well as services (including tourism and information technology-related services).
- Second, the regional environmental program seeks to identify and act upon those environmental problems that are most likely to be exacerbated by growth across the region. Working closely with the public and private sector, NGOs, and other donors funds will promote the use of best environmental management practices; define and reinforce sustainable tourism policies and compliance measures; and strengthen the private sector's capacity to access financing for environmental programs.
- Third, the CRP aims to enhance judicial efficiency and fairness in the Caribbean. The program will improve the operating environment of courts in the Eastern Caribbean through computerization and streamlined case-flow management, promote a fuller use of alternative dispute resolution methods, and improve court reporting. It will also provide judicial and administrative training to judges, magistrates, and court staffs.
- Finally, the CRP aims to enhance the Caribbean response to the HIV/AIDS crisis in target countries. The program will focus specifically on increasing the capacity of NGOs and community based organizations to deliver prevention programs, in addition to increasing government capacity to implement an effective HIV/AIDS response.

Regional stability and economic prosperity are essential elements in the Eastern Caribbean's attraction as a tourist destination for Americans and the presence of significant numbers of American citizen residents. Over 300,000 U.S. citizens visit the islands of the Eastern Caribbean annually, and over 3,000 Americans reside in the region. The sheer number of Americans living, traveling, and studying in the area has linked the Eastern Caribbean closely to the United States, and the magnitude of the American citizen presence makes it even more important to encourage regional law enforcement, judicial institutions, and economic development. The United States, in turn, has become a preferred destination of Eastern Caribbean citizens for tourism, work, and education; and the degree of regional stability and prosperity affects the nature of this movement to the United States. The safety of U.S. citizens is a priority. U.S. officials in Bridgetown and Grenada maintain close contact with the local police, national security, judicial, aviation, and tourism officials; keep U.S. citizens informed of safety and security concerns; maintain registration and warden systems; and monitor the welfare of U.S. citizens imprisoned on the islands.

**Ecuador**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
CSH	0	0	300
DA	6,840	7,130	7,130
ESF	15,000	20,000	14,000
FMF	0	1,000	15,000
FMF-SUP	3,000	0	0
IMET	625	650	650
INCLE	25,000	37,000	35,000
NADR-HD	370	250	0
P.L. 480 Title II	1,530	0	0
Peace Corps	2,813	3,028	3,311

Geographically and figuratively at the center of Latin America, the Andean region represents a significant challenge and opportunity for U.S. foreign policy. This is particularly true in Ecuador. With a long history of fractious government, Ecuador nonetheless represents a peaceful bulwark against the narco-trafficking and terrorist violence that has dominated the recent history of its larger neighbors, Peru and Colombia. Because of this, the strengthening and consolidation of Ecuador's democratic institutions are of particular importance to the United States. The United States seeks to actively support Ecuadorian democracy by working with the freely elected government to address the country's serious economic and financial weaknesses, as well its security concerns, in order to create a more stable and prosperous Ecuador. Explicitly 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.

Ecuador has a zero tolerance policy for coca cultivation. Located between two of the three dominant cocaine producers, and with important coastal access, Ecuador is painfully aware of the corrupting threat of the drug industry and has become a staunch counter-drug ally of the United States. With Andean Counterdrug Initiative (ACI) funds, we support a range of efforts to improve the professionalism and counternarcotics capabilities of Ecuador's national police and military. While ACI-funded programs will continue to focus on Ecuador's vulnerable northern border region, they will also support an expansion of maritime and coastal cooperation, paying heed to Ecuador's strategic position for the transshipment of narcotics, precursor chemicals, and arms. Meanwhile, to complement this assistance to the Government of Ecuador's (GOE) law enforcement and military counternarcotics capabilities, ACI funds will also support economic development programs aimed specifically at reducing the allure of the drug trade.

Economic Support Funds (ESF) will support programs to improve the transparency and accountability of the justice sector and local governments, more efficient government revenue collection, and the continuation of micro-finance efforts to provide more opportunities to the country's poor. After improving dramatically in 2001, Ecuador's economy is struggling with a common problem in the region: reforms and improved macroeconomic performance have not translated into higher living standards for the majority of the population and Ecuador remains a poor country. By the end of 2002, while inflation had dropped 10% or less, a remarkable decrease from a rate in excess of 90% in 2000, economic growth had slowed to an estimated 3%. FY 2004 Developmental Assistance (DA) funds will further strengthen the micro-finance sector outside of the areas helped with the aforementioned ESF funded program. DA programs will also promote sustainable and 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.

To prevent the spillover of narcotics production and related crime, violence, and terrorism, the GOE 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. FMF support will also help address the general lack of security along Ecuador's border with Colombia, helping to address a major obstacle to executing U.S. supported economic development programs. FMF support will focus on key Ecuadorian deficiencies such as mobility, communications, training and logistical support. International Military Educational and Training (IMET) funds will provide training to improve military professionalism and will focus on reinforcing the principles of civilian rule and strengthening the principles of human rights, further strengthening democratic institutions in a country that led the Latin American shift from military to civilian rule back in 1979.

Ecuador will be eligible to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act (FAA) in FY 2004. Providing badly needed resources and equipment during the country's ongoing economic crisis will aid Ecuador in securing the country's northern border, which is increasingly violated by narco-traffickers and armed groups, including ones identified by the United States Government as Foreign Terrorist Organizations. Provision of EDA will also demonstrate, concretely, of our commitment to counternarcotics efforts in Ecuador and throughout the region.

**El Salvador**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
CSH	15,653	9,636	6,334
DA	45,640	24,096	28,712
ESF	25,200	0	0
FMF	1,000	2,500	2,000
IMET	814	900	900
Peace Corps	2,463	2,760	3,113

The principal U.S. interests in El Salvador are supporting democracy, fighting international crime and illegal drugs, encouraging economic development, protecting our borders by deterring illegal immigration, and promoting U.S. exports. The benefits of this policy are internal and regional stability, fewer criminal threats to the United States, reduced illegal immigration, and increased trade. In addition, El Salvador is a regional model for economic, military, and institutional reform. U.S. interests in the region are also served by helping El Salvador rebuild its economy following the 2001 earthquakes. The reconstruction process is expected to go on for several years and will remain the centerpiece of the U.S. assistance effort for FY 2004.

The United States will use Development Assistance (DA) as a component of a multi-year program to help El Salvador recover from the devastating earthquakes. The total cost of reconstruction from the calamity, which was worse for El Salvador than either Hurricane Mitch or the 1986 earthquake, is estimated at \$2 billion. The United States is working closely with El Salvador in its post-quake reconstruction activities, mainly on long-term shelter, disaster mitigation, economic reactivation, and community infrastructure. The reconstruction effort in FY 2004 will also be used to revitalize the local economy by supporting microcredit and agriculture programs; rehabilitating health, education, water, and local government infrastructure; and improving disaster preparedness. Because wide-spread violent crime represents the greatest threat to democracy and stability, programs funded by International Narcotics Control and Law Enforcement (INCLE) Latin American Regional funds will emphasize reconstruction of police facilities and strengthen police management systems, including internal affairs and investigative functions and U.S.-style community policing strategies. INCLE will continue to provide police training and technical support specifically related to counter-narcotics as well as technical support to combat money laundering.

Broad-based economic development in El Salvador 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. DA will be used for trade capacity building, to assist the Government of El Salvador to participate fully in trade negotiations and benefit from free trade regimes. DA programs will continue to assist the rural poor gain expanded access to economic opportunity, clean water, and better health services. DA will also support more effective and inclusive democratic processes. Funds will be targeted at rural areas and used to improve access to potable water, as well as to reduce family health problems and diseases through improved medical care. In direct support of open markets, U.S. exports, and global economic growth, DA will be used to provide technical assistance to the government for energy market deregulation and improved revenue collection. The program will continue to strengthen democratic institutions by helping local officials be more responsive to constituents, bolstering the capabilities of the legislative and executive branches of government, broadening political participation, and promoting judicial reform.

International Military Education and Training (IMET) funds will be used for professional training programs that will sustain the thorough-going reform of the Salvadoran military and consequent improvements in the democratic climate and regional stability seen in recent years. El Salvador will be eligible to receive FY 2004 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 is home to one of the three Forward Operating Locations (FOL) that supports 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 50 metric tons of cocaine. We must continue to support the Salvadoran military through FMF to further these good relations and successful cooperation. El Salvador is a transit point for illegal immigration and drugs to the United States, and FMF will allow the Government of El Salvador to better patrol its borders. 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 engineer equipment, used today for counternarcotics operations and reconstruction in the wake of floods and earthquakes. Disaster relief has created a needed and positive role for the military, helping to erase years of popular distrust of the Armed Forces and preparing the government of El Salvador to deal with future emergencies.

**Guatemala**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
CSH	15,700	11,739	10,250
DA	12,320	14,960	10,700
ESF	10,000	7,500	5,000
IMET	350	350	350
INCLE	3,500	3,400	3,000
P.L. 480 Title II	21,502	18,013	19,030
Peace Corps	4,255	4,740	5,164

The United States has an interest in promoting political stability and economic growth in Guatemala – the most populous country with the largest economy in Central America – in order to improve U.S. ability to combat international criminal activities. Money laundering, narcotics trafficking, and illegal immigration in Guatemala all have a direct impact on U.S. national security and in recent months have become especially challenging because of persistent allegations of high-level governmental corruption and a sharp reduction in the number of narcotics seizures and prosecutions. 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 profitable U.S. investment and provide a robust market for U.S. exports. Negotiations for a U.S.-Central America Free Trade Agreement provide an important opportunity for Guatemala to attract investment, create jobs, and increase integration with its Central American neighbors as well as with the United States. Assisting the considerable number of resident and tourist American citizens in Guatemala is supported by U.S. assistance to improve Guatemalan law enforcement and administration of justice programs.

Support for peace implementation is a cornerstone of current U.S. policy towards Guatemala. Peace consolidation will create positive socio-economic changes that will help maintain stability, foster greater political legitimacy, and promote broad-based economic growth. FY 2004 Economic Support Funds (ESF), Development Assistance (DA), and P.L. 480 food aid will help support Guatemala's attempts to consolidate peace implementation by promoting national reconciliation, human capacity development, antipoverty programs, and modernization of the state (e.g., justice system, tax administration, congress, and local governments). Funds will support democratic development programs, improved access and quality of education services, improved health for rural women and children, increased rural incomes and food security, and sustainable natural resource development. DA and ESF will leverage U.S. ability to push the government to maintain open trade ties and to make the necessary structural reforms to encourage profitable U.S. investment. International Military Education and Training (IMET) will support the ongoing transition to civilian control of the armed forces and promote further military professionalism, both key peace accord objectives. IMET funds will provide courses to military officers and civilians that promote civilian control of the military, instill respect for human rights, improve the military justice system, and enhance management of defense resources. Guatemala also will be eligible in FY 2004 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 as well as to enhance interoperability and modernization efforts.

Guatemala's strategic location makes it a significant transit point for narcotics flows destined for the United States. FY 2004 International Narcotics Control and Law Enforcement (INCLE) funds will support U.S.-Guatemalan counternarcotics cooperation. ESF-funded programs to enhance administration of justice will help the government strengthen criminal justice institutions as well as enforce laws related to protection of intellectual property, worker rights, and other human rights. INCLE funds will improve counternarcotics

and law enforcement capabilities by providing training and equipment for the special civilian anti-narcotics division of the national civilian police force (PNC in Spanish) that is responsible for interdiction and eradication, assisting in modernizing the judiciary, and supporting updated anti-drug and money laundering legislation.

INCLE funds will also expand the activities of narcotics prosecutors and investigators, continue information coordination operations, enhance public awareness of the damage inflicted by drug abuse and trafficking, and complete the establishment of port security projects. Such measures will help reduce the flow of cocaine and other illegal drugs to the United States and deter other criminal activity. Additionally, improved law enforcement and administration of justice will contribute to protection of American citizens in Guatemala from growing criminal and other public security threats and will create a climate conducive to building democratic institutions.

**Guyana**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
CSH	1,000	1,000	2,000
DA	3,100	2,180	2,750
FMF	200	400	100
IMET	294	275	275
Peace Corps	1,083	1,268	1,413

U.S. interests in Guyana focus on bolstering democratic institutions. Political and racial unrest after the 2001 elections, although reduced, directly threatened such institutions. In 2002, the dramatic increase in incidents of violent crime, and the inability of law enforcement institutions to cope with the situation, also began to undermine democratic governance. Additional strengthening and deepening is essential to the long-term development and stability of Guyana.

Many Development Assistance (DA) programs focus on strengthening democratic processes and institutions. In FY 2004, DA funds will be used to improve the law-making and regulatory process, strengthen civil society, encourage the growing participation of women in government, and build sustained institutional capacity to conduct free and fair elections. A judiciary program will increase court systems efficiency and fairness by improving the operating environment of the courts through computerization and streamlined case-flow management; by promoting, through technical assistance and training, a fuller use of alternative dispute resolution methods as an alternative to going to court; and by automating court reporting.

The Guyana Defense Force (GDF) remains inadequately funded, but bilateral military cooperation is growing. FY 2004 Foreign Military Financing (FMF) will purchase communications, training, and spare parts for vehicles, and aircraft. Guyana will be eligible in FY 2004 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. EDA boats and International Military Education and Training (IMET) will significantly boost the GDF Coast Guard's ability to interdict narcotics trafficking, as well as promote civil affairs and improve crisis management. IMET funding will increase the professionalism and capabilities of the GDF and strengthen regional stability.

Guyana's economic development and political stability are closely linked. Growth since 1998 has been negligible. Guyana is one of the poorest countries in the hemisphere with a per capita income of about \$800. In 1999 Guyana qualified for debt relief under the initial stage of the Heavily Indebted Poor Countries (HIPC) initiative but is having problems satisfying conditions for greater debt reduction under enhanced HIPC. DA funds seek to improve the climate for private investment. These programs enhance Guyana's capacity to execute sound economic policy, strengthen the private sector's ability to influence the development of these policies, and provide increased services in support of small and micro enterprises. The U.S. Embassy works actively on promoting American investment in Guyana. While markets and investment opportunities are limited, the slow opening of Guyanese markets will create small niches for U.S. exports.

Guyana has the second highest HIV prevalence rate in the Latin American/Caribbean region. Child Survival and Health Programs Funds have responded with HIV/AIDS awareness and prevention programs, working with local NGOs to combat HIV/AIDS among youth through a variety of outreach efforts. Faith-based NGOs that provide basic care and support services to people living with AIDS and their families are being incorporated into the program.



Guyana is increasingly a transit point for narcotics destined for the United States and Europe. A small USG counternarcotics/crime program is funded through the International Narcotics Control and Law Enforcement (INCLE) Latin American Regional program. The emphasis is on training to aid Guyana's under-equipped and inexperienced counternarcotics agencies. INCLE funds will be used to strengthen security at Guyana's ports by providing training and equipment to Guyana Customs inspectors.

With USG help, Guyana has established a Joint Information Coordination Center for counternarcotics information. The Embassy is assisting the Government of Guyana in drafting effective counternarcotics/crime legislation and has pressed for the passage of money laundering, asset forfeiture, and other modern anti-crime statutes. DA programs to strengthen the rule of law and increase the effectiveness of the judicial system reinforce other law enforcement programs.

**Haiti**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
CSH	638	14,000	21,826
DA	250	11,000	7,150
ESF	30,000	0	0
FMF	300	400	330
IMET	14	50	200
P.L. 480 Title II	23,128	22,375	23,847
Peace Corps	1,504	1,689	1,929
PKO	91	0	0

U.S. interests in Haiti range from stemming the flow of undocumented migrants and illegal drugs into this country, to fighting famine, HIV/AIDS, and gross human rights violations among its people, to building prosperity so that it can grow as a trading partner—the U.S. is by far the lead exporter to, and investor in, Haiti. The migration, drug, HIV/AIDS, and overall political and economic instability also threaten the region.

Haiti is classified by the World Bank as a low income country, one of only two such countries in the Western Hemisphere. With a per capita Gross Domestic Product (GDP) of about \$500, negative real GDP growth over the period from 1990-2002, and widespread unemployment and underemployment, Haiti's short- and medium-term economic prospects are grim. This fact alone is enough to send thousands of undocumented migrants headed toward U.S. shores annually, often in boats totally unsuited to crossing 600 miles of open sea.

A U.S. bilateral assistance program direct to non-government organizations (NGOs) supports U.S. national interests by promoting democratic and economic development in Haiti. Reducing poverty directly addresses conditions that contribute to illegal emigration to the United States. Strengthening the Haitian government's ability to stop the use of its territory for shipping illegal narcotics to the United States responds to a key U.S. policy concern, both domestically and internationally. Improving the capabilities of the Haitian government and civil society under this program furthers the substantial U.S. efforts since the 1994 intervention to end definitively Haiti's long history of undemocratic and repressive rule.

U.S. engagement in Haiti transitioned from the crisis-driven activism of the 1990's to a more normal and long-term approach aimed at building an evolving, inclusive democracy. It seeks to tackle first the worst effects of poverty: high fertility, poor education, malnutrition, and environmental degradation. It also looks to strengthen Haiti's still vulnerable democratic infrastructure by emphasizing activities supportive of the rule of law, good governance, professional policing, and the development of local government and civil society.

Haiti is a complex development challenge, with a history of political instability and repression, widespread poverty, illiteracy, and weak government institutions. As the World Bank's Study on Haitian Poverty indicates, 65 percent of Haiti's people live in rural areas and two-thirds of all Haitians live below the absolute poverty line (that is, unable to meet minimum daily caloric requirements). A significant segment of Haiti's population lives at a level of economic vulnerability seen only in war-torn countries. In this setting, our micro-enterprise lending and agriculture export promotion activities have a very real and positive impact, helping many poor Haitians.

In FY 2004, there was a shift in account support from all Economic Support Fund (ESF) to all Development Assistance (DA), reflecting the primarily developmental nature of U.S. programs designed to generate sustainable increased income for the poor, improve human capacity foster inclusive democratic governance, slow environmental degradation, particularly in rural areas and encourage healthier families of desired size.

Haiti's progress toward institutionalizing the democratic goals set forth in the 1987 Haitian Constitution remains incomplete. Civil society is putting increased pressure on the government to correct past injustices and human rights abuses. The process of institutionalizing good governance remains tenuous and in need of continued outside support. The Organization of American States Special Mission, established earlier, is charged with working with the Government of Haiti to meet democratic and other benchmarks set out in OAS Resolution 822.

The 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) and Foreign Military Financing (FMF) assistance to the HNP, and its Coast Guard in particular, are focused on enhancing operational and logistics capabilities that will enable participation in counternarcotics operations, including combined operations with the United States.

Haiti is also eligible in FY 2004 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 2002 Actual	FY 2003 Request	FY 2004 Request
CSH	13,177	12,561	13,861
DA	15,430	22,530	22,226
ESF	1,000	0	0
IMET	655	650	650
P.L. 480 Title II	6,436	5,191	5,365
Peace Corps	4,081	4,320	4,306

Honduras, a close neighbor and long-time ally, continues to suffer from the impact of the massive devastation of Hurricane Mitch in late 1998. The United States led an international effort to rebuild Honduras. Some reconstruction work continues due to delays from extreme weather variations such as drought and flood conditions caused by El Nino.

The United States continues to address some of the chronic problems that plague the country including weak democratic institutions; limited modern infrastructure; weak social, public security, and judicial systems; chronic housing shortages; slow economic reforms; and the highest intensity of HIV/AIDS in Central America. Addressing these problems supports U.S. national interests by providing market and investment opportunities for U.S. businesses; promoting employment (and thereby discouraging illegal immigration); strengthening democratic institutions, the rule of law, and social systems; providing greater legal protection and security for U.S. citizens and firms; deterring narcotics trafficking and other criminal activity; and ensuring regional stability.

Bilateral relations are strong. The Government of Honduras is a strong supporter of the war on terrorism. In addition, the government reduced the rhetoric associated with a series of border disputes with its neighbors and is working diplomatically to resolve them thereby improving the overall level of regional stability. Some 500,000 Hondurans, both documented and undocumented, live in the United States, a fact that places immigration issues high on the bilateral agenda.

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 year 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; corruption is endemic. The public's number one concern is deteriorating 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, owing to a stagnating economy and deteriorating government finances, Honduras missed its IMF targets in 2001. The Honduran government hopes to negotiate a new three-year program in early 2003. Currently, Honduras' economic outlook is clouded by poor prices for agricultural commodities and sluggish economic growth progress.

In FY 2004, U.S. development assistance (DA) activities will seek to support the diversification and competitiveness of the Honduran economy and to provide trade capacity building capabilities to meet the challenges and opportunities of the Central American Free Trade Agreement talks. Assistance for more

effective natural resource management and disaster preparedness will be provided. Funding for HIV/AIDS activities will be continued and will complement the Global Fund for Fighting Aids, which will launch a five year, \$40 million dollar effort in this country, which is the epicenter of the HIV/AIDS epidemic in Central America. Democracy and governance programs will focus on the 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 will help improve access of rural women and children to basic education and health care.

The International Military Education and Training (IMET) program for Honduras will enhance Honduran military capabilities in the war on terrorism, promote greater understanding of the need for Central American military regionalization and further consolidate civilian control of the military. Honduras will also be eligible in FY 2004 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Transfer of grant EDA to Honduras is consistent with U.S. foreign policy objectives of improving U.S. allies counterterrorism capacities, interdicting narcotics trafficking and enabling the Honduran Armed Forces to better conduct disaster relief and search and rescue missions.

In spite of the economic constraints, the Government of Honduras continues to cooperate on narcotics interdiction. It is creating a new combined military-police unit that should benefit from EDA boats, vehicles, and helicopters. U.S. 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.

The Organization of American States has reevaluated Honduras' need for humanitarian demining funds (Nonproliferation, Anti-terrorism, Demining, and Related Programs (NADR)) and may seek funding to finish a demining effort in southern Honduras along the Nicaraguan border.

**Jamaica**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
CSH	3,121	3,070	3,407
DA	9,471	13,710	13,060
ESF	1,532	0	0
FMF	600	700	600
IMET	586	600	600
INCLE	1,550	1,300	1,500
Peace Corps	2,242	2,424	2,754

U.S. interests in Jamaica include stemming the flow of illegal narcotics and migrants, preventing the cultivation and export of Jamaican-grown marijuana to the United States, protecting the interests of U.S. investors, ensuring the safety and security of Americans residing or visiting on the island, and assisting Jamaica to play a constructive leadership role among Caribbean countries. U.S. programs seek to support sustainable economic growth, bolster the effectiveness of Jamaica's security forces and judicial organs, and alleviate social ills that have a debilitating effect on democratic institutions and respect for the rule of law.

Jamaica is the major Caribbean transit point for South American cocaine enroute to the United States, and the island is the largest producer and exporter of marijuana in the Caribbean. It is important that Jamaica have sufficient resources to combat narcotics trafficking and the accompanying crime, corruption, and threats to democratic institutions.

The Jamaica Defence Force (JDF) has demonstrated during joint counternarcotics exercises with the United States under the bilateral maritime agreement that it is professional and well-trained. The Government of Jamaica (GOJ) needs to take steps to better employ the bilateral maritime agreement to maximize use of U.S. resources that augment limited Jamaican resources. When not called on by the GOJ to assist in police or prison duties, the JDF participates in marijuana eradication.

Jamaica will be eligible in FY 2004 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. EDA for Jamaica will be used to support the JDF's role as a stabilizing force in the Caribbean through active involvement in peacekeeping operations, search and rescue missions, disaster relief, and counternarcotics operations. It will also aid in enhancing interoperability in U.S.-Caribbean joint exercises. FY 2004 Foreign Military Financing (FMF) funds will continue to provide valuable technical and logistical support for aircraft, boats and armored vehicles, as well as rifles, uniforms and other equipment for the JDF. International Military Education and Training (IMET) funding will assist the GOJ by providing training programs that focus on professionalizing their military, developing future leaders, and inculcating a better capability in resource management.

U.S. counternarcotics funding assists GOJ anti-drug agencies to enhance detection and interdiction capability, as measured by increased drug seizures and drug-related arrests, and to undertake investigations leading to successful prosecutions. The U.S. is supplying three 42-foot patrol boats to Jamaica in FY 2003. Cooperation on interdiction is already paying dividends. In 2002, 3.688 tons of cocaine was interdicted, surpassing seizures in the previous two years. U.S. funding supports development of GOJ anti-money laundering capabilities and effective anti-corruption mechanisms and adoption by the GOJ of modern anti-crime legislation. U.S.-funded training includes anti-money laundering, anti-corruption, collection and analysis of evidence, port security, and tracing firearms. The U.S. is also funding a border control project

that will provide technical assistance to strengthen Jamaica's migration management system and technology to enable the GOJ to monitor the flow of persons into and through Jamaica.

In 2001, Jamaica's GDP grew modestly after five years of flat growth. Over half of the government's budget goes to debt service. Environmental problems include water pollution and damage to forests and coral reefs and threaten one of Jamaica's few profitable industries, tourism. Society is threatened by criminal gangs, inadequate schools, the breakdown of the family, and high unemployment, particularly among the young. The poor economic situation in Jamaica also contributes to the problem of illegal Jamaican migration. U.S. Development Assistance (DA) programs foster the creation and expansion of small businesses, improve water quality, and protect parks and foster eco-tourism. DA and Child Survival and Health Programs Funds programs also address the problems of at-risk youth by combating HIV/AIDS, sexually transmitted diseases, and pregnancy; providing services to pregnant teenagers and reformed addicts; and improving educational standards at 72 primary schools. Programs at these schools will target literacy, quality of teaching, school attendance, and management. The programs will also target the gang-ridden "garrison communities."

About 800,000 U.S. citizens visit Jamaica annually, and approximately 8,500 Americans reside in Jamaica. The safety of U.S. citizens is a priority. U.S. officials in Jamaica maintain close contact with the Jamaican police, national security, judicial, aviation, and tourism officials; keep U.S. citizens informed of safety and security concerns; maintain registration and warden systems; and monitor the welfare of the 50-60 U.S. citizens imprisoned at any given time. The U.S. Embassy has a program that warns about penalties for attempting to smuggle illegal drugs out of Jamaica into the United States.

**Mexico**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
CSH	5,509	6,200	4,976
DA	7,715	12,165	12,265
ESF	10,000	12,000	12,000
IMET	944	1,250	1,275
INCLE	12,000	12,000	37,000
INCLE-SUP	25,000	0	0

The United States has no bilateral relationship more important than our relationship with Mexico. What happens in Mexico has more direct, daily impact on U.S. citizens than events in any other country in the region. An authentic partnership exists between the United States and Mexico based on the many things held in common. These include: (1) a 2,000-mile border with its migration, crime, security, resource management, and trade issues; (2) economic, environmental, and health interdependence of citizens; (3) domestic political interdependence and common social heritage; and (4) shared concern that the citizens of both countries be able to benefit from economic opportunity and growth. The U.S. Government (USG) has a direct interest in working with Mexico to address these common concerns. The strong Bush-Fox personal partnership presents an historic opportunity to establish truly effective cooperation between the two countries.

Mexico's traditional political structures are undergoing a rapid transformation to a more open and participatory government. Economic Support Funds (ESF) and Development Assistance (DA) funds will be used to strengthen democracy in Mexico and enhance the performance of all branches of government at federal and local levels. Programs will increase the effectiveness of local governance in targeted areas; strengthen permanent structures to enhance Congress' legislative function (including supporting a career service of professionals trained in budget analysis, legislative research, and investigative audit); improve the efficiency of judicial administration in targeted courts; and increase the transparency and accountability of target government institutions. Support to the executive branch will help build capacity in anti-corruption programs.

In FY 2004, ESF will be employed under the Training, Internships, Education, and Scholarships (TIES) program to provide scholarships, training, internships, and exchanges, in partnership with U.S. universities. ESF will support the TIES program to provide training opportunities in the United States for young Mexicans who work in areas that positively impact Mexico's economic growth and social development. This initiative will facilitate the pursuit of a common agenda for development and contribute to Mexico's ability to take advantage of opportunities created by the North America Free Trade Agreement, ultimately narrowing the social and economic gaps between Mexico and the United States. TIES will benefit many segments of U.S. and Mexican society: higher education institutions, civil society, and other non-governmental and community groups; the private sector; and national, state, and local governments. The TIES initiative will respond to strategic priorities and new opportunities for cooperation arising from the strong Bush-Fox relationship and its resulting U.S.-Mexico development dialogue. It has two components: first, academic training in the United States (primarily master's-degree-level training); and second, higher education partnerships (between Mexican and U.S. institutions).

Organized crime poses serious challenges for both countries. It is critical to sustain and expand upon ongoing USG initiatives to promote institutional development in Mexico as well as activities designed to enhance the effectiveness of bilateral law enforcement cooperation against the many shared criminal



threats. Most of these activities are supported through International Narcotics Control and Law Enforcement (INCLE) funds, but involve most of the U.S. federal law enforcement community. Both Mexico and the United States have redoubled efforts to ensure that the shared border is secure and efficiently managed. Increased INCLE funds will be directed to activities to enhance Mexico's ability to secure its borders, ports, and airspace.

FY 2004 Child Survival and Health Programs Funds will be used to support HIV/AIDS programs, strengthen NGO capacity, train health service providers, advance strategic planning and budget allocation in target states, conduct a service provision assessment in target states, and examine HIV prevalence in mobile populations in Mexico and Central America.

DA funds will also support the U.S. biodiversity program to conserve critical natural resources in Mexico. This program will strengthen management and infrastructure in protected areas, increase involvement of local people in decisions on resource use and conservation, support development and application of alternative uses for forests and other resources, identify and work to improve policies that promote conservation of critical resources, and build capacity of key institutions and individuals to implement resource management programs in selected regions in Mexico.

The U.S. energy program in Mexico, through DA funding, contributes to reduced carbon dioxide emissions by improving energy conservation. Program activities include: demonstrating the viability of energy efficiency, renewable energy, and pollution prevention technologies through implementation of pilot projects, followed by replication on a larger scale; supporting local partners' promotion of policy reforms that foster those technologies; strengthening technical and managerial capabilities of Mexican partners for resources management systems and renewable energy development; and identifying other funding for broader or nationwide replication of resource management and renewable energy technologies.

The U.S. microenterprise program, also supported with DA funds, is designed to achieve four results: increase communication and collaboration among microfinance institutions (MFIs) and other service providers; strengthen the operational sustainability and management of selected MFIs in order to improve credit and financial services for microenterprises; increase the understanding and appreciation of the role of microenterprise in the Mexican economy and evaluate the influence of microenterprises on decision-making; and develop models and mechanisms that meet the financial needs of rural microenterprises.

U.S. interests in good governance, law enforcement, and regional stability will also be served by the continued evolution of a professional Mexican military respectful of human rights that cooperates with the United States on issues of common interest. FY 2004 International Military Education and Training (IMET) funds will provide professional and technical training in areas of mutual concern, including strengthening military command and technical capabilities, human rights standards, resource management, and English-language skills. IMET's effectiveness will be reflected in part by increased interoperability and cooperation in joint military operations and increased effectiveness in counterdrug and other law enforcement support missions.

Mexico will be eligible in FY 2004 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Transfer of grant EDA to Mexico serves high-priority U.S. foreign policy objectives by enhancing Mexico's capabilities in the struggle against illicit production and traffic in narcotics. Mexico is the source country for much of the marijuana, heroin, and methamphetamines, and the primary transshipment point for cocaine, destined for the United States. More effective counternarcotics cooperation is key to U.S. efforts to reduce the flow of drugs into this country.

**Nicaragua**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
CSH	8,470	7,606	6,855
DA	16,602	19,730	24,152
ESF	2,800	0	0
FMF	500	500	500
IMET	372	400	400
NADR-SALW	0	200	300
P.L. 480 Title II	15,136	10,363	10,565
Peace Corps	2,639	2,874	3,236

The primary national interests of the United States in Nicaragua are to support and strengthen democratic institutions, foster regional security and interdict international crime, and promote broad-based economic growth. Since the return of democratically elected government in 1990, Nicaragua has made great strides toward establishing legitimate democratic institutions. President Bolanos' unprecedented and popularly supported fight against corruption has resulted in the house arrest 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.

Nevertheless, despite growth in some sectors, Nicaragua is the second poorest country in the hemisphere, and it has been unable to significantly reduce its poverty levels. Government spending, remittances from Nicaraguans abroad, and foreign aid account for a significant portion of economic activity, and the economy has been hampered by a dramatic drop in the international price of coffee, long the country's leading export. The government is one of the most indebted governments in the world on a per capita basis, with high levels of both foreign and domestic debt. If it is able to carry out its International Monetary Fund program, it will receive foreign debt reduction under the Heavily Indebted Poor Countries initiative. Negotiations for a U.S.-Central America Free Trade Agreement provide an important opportunity for Nicaragua to attract investment, create jobs, and increase 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 U.S. democracy programs in Nicaragua. In the long term, these focus on justice sector reform, civil society strengthening, municipal development, and accountability/anti-corruption and electoral administration reform. Institutions remain weak and subject to manipulation, making U.S. support in each of these areas crucial if Nicaragua is to establish legitimate democratic institutions that respond to the needs of the country's citizens. DA and 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 go toward promoting microenterprise development, expanding infrastructure, and providing technical assistance to farmers.

Success in protecting and promoting U.S. national interests in Nicaragua depends largely on how well the scourge of narcotrafficking and other transborder crime is addressed. While Nicaragua receives International Narcotics Control and Law Enforcement (INCLE) funds from regional programs, bilateral INCLE investment in Nicaragua is relatively new. Nevertheless, this has already paid great dividends in amplifying the effect of our own law enforcement efforts in the region. The United States is currently providing training and equipment to the newly created anti-drug division of the Nicaraguan National Police

and is seeking to promote and strengthen the interdiction capabilities of Nicaragua's Maritime Forces. With the October 2001 signature of a Bilateral Counternarcotics Maritime Agreement, cooperation is expected to increase, as will funding needs.

Justice improvement and anti-corruption projects seek to fortify this work on the institutional level. Continued U.S. counternarcotics assistance to Nicaragua will eventually bring the Government of Nicaragua (GON) up to the standard of its neighbors, who have had a longer relationship with the United States, providing a unified front against crime in a region that cannot afford weak spots.

International Military Education and Training (IMET) funds serve both to promote regional security and to strengthen democratic institutions. The Nicaraguan National Army (EN), once at the service of Sandinista political leadership, has made significant strides in professionalizing and depoliticizing its officer corps, and in submitting to the direction of a civilian President and a civilian Minister of Defense. To continue this process, courses in military resource management, human rights, and the role of a modern military within a democratic framework are crucial if Nicaraguan civilian leaders - many of whom have little direct experience with military institutions - are to lead the EN effectively.

Foreign Military Financing (FMF), starting in FY 2002 and continuing in FY 2004, will be used to enhance the EN's new role as a nation-building institution subordinate to civilian control - a major U.S. policy goal in Nicaragua. The EN interdicts narcotics flows through Central America in the adjacent Caribbean. Assistance will also help the EN enhance its capability to conduct counternarcotics, counterterrorism, disaster relief, and search-and-rescue missions in a disaster-prone zone. FMF will support maintenance/spare parts for patrol boats and establish an expeditionary base to support naval interdiction. Support to ground forces will focus on communications equipment, personal equipment, and logistical support to enhance mobility. Nicaragua is eligible to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Transfer of grant EDA to the GON will likewise strengthen the EN's capacity to interdict narcotics flows and conduct disaster relief and search-and-rescue missions.

Nonproliferation, Anti-terrorism, Demining, and Related Programs (NADR) funds in Nicaragua go to fund one of the most successful humanitarian demining operations in the Western Hemisphere - another crucial aspect of our efforts to ensure peace, economic development, and regional stability. In the past, U.S. humanitarian demining contributions for Central America were directed to the Organization of American States (OAS) to fund various programs throughout Central America. Of the regional work that remains, most is in Nicaragua, where Front Number Five has been opened in Siuna (in the North Atlantic Autonomous Region, or RAAN). Additionally, the U.S. Government is funding the continuation of a canine mine detection program throughout Central America. FY 2004 funds will continue to support clearance in the RAAN and mine detection dog operations. Additional information on these activities can be found under OAS/IADB Central America Demining in this section.

As a result of its civil war in the 1980s, Nicaragua still has excess Small Arms/Light Weapons at risk of leaking into other conflicts in Latin America as well as into Africa and the Middle East. In FY 2004 we hope to build upon destruction efforts begun in FY 2003 to destroy weapons that might otherwise leak into the illicit arms market.

**Panama**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
DA	4,500	7,000	5,750
ESF	4,205	3,500	3,500
FMF	0	1,000	2,500
IMET	178	200	200
INCLE	5,000	9,000	9,000
NADR-EXBS	0	0	50
Peace Corps	2,299	2,408	2,678

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, and Panama is a major overseas financial center and – with 6300 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. The United States 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 also 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 along their shared border. Through cooperation between USAID, the GOP, and Panamanian NGOs, the United States seeks to promote environmental protection and management policies and programs designed to protect the Canal watershed. The Development Assistance (DA) funds earmarked for this purpose will build domestic institutions capable of managing the Canal watershed, encourage local government and private sector cooperation in environmental management and protection, and increase civic participation in protection of the environment. USAID will continue projects to improve the efficiency and fairness of the system of administration of justice. In FY 2004, democracy/governance projects funded from Andean Counterdrug Initiative and ESF will develop Panama's border area with Colombia to mitigate illicit activities.

Foreign Military Financing (FMF) will augment the GOP's efforts to improve its security posture on the border with Colombia by enhancing mobility of security forces with additional vehicles, riverine patrol craft, communications equipment and logistical packages to sustain patrol boats provided through Excess Defense Articles (EDA). Additionally, this support will enhance search and rescue operations, territorial waterway patrol, and control and interdiction of illegal immigrants by the National Maritime Service. Also, funding will allow for technical training and airframe maintenance for the National Air Service and enhancements to Panama's counterterrorism forces.

In FY 2004, the International Military Education and Training (IMET) program will provide training in the rule of law and human rights. IMET courses in maritime operations will enhance Panama's ability to interdict transnational criminal activity and ensure the safe, continued smooth operation of the Canal.

Panama is again eligible to receive EDA in FY 2004 on a grant basis under Section 516 of the Foreign Assistance Act. Transfer of grant EDA to Panama will bolster Panama's capabilities to provide security for the Canal, secure its maritime borders, and deal with possible spillover from Colombia's civil war. With the withdrawal of U.S. military forces from Panama, the Panamanian Government has assumed full responsibility for its own national security. Panama's Public Forces (Panama abolished its armed forces in 1990) currently lack adequate equipment maintenance, basic communications gear, and transportation resources.

**Paraguay**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
CSH	2,525	2,025	2,025
DA	3,600	4,600	4,000
ESF	3,500	3,500	3,500
IMET	360	300	300
NADR-SALW	0	100	0
Peace Corps	3,228	3,419	3,815

The primary U.S. national interest in Paraguay is the consolidation and strengthening of democracy and fortifying the open market system. Anti-corruption and counter-terrorism efforts are also important. Other interests, which depend on progress on democracy, include fighting transnational crime – intellectual property rights violations, and drug trafficking – and promoting responsible regional environmental management. Humanitarian interests include promoting 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. Funding will promote democracy by strengthening local governments, encouraging the adoption of national reforms, and supporting civil-military dialogues and a vigorous civil society. Funding also will offer Paraguay assistance in managing key environmental areas and supporting the environmental community in managing regional environmental concerns. CSH funds will make family health care more accessible and improve grassroots provision of health services at the community level. ESF will also be used for health education for marginal and rural families. Not only will these efforts promote democratization and accountability, they will help stabilize population growth, improve women's health, and reduce maternal and infant mortality and other poverty-related problems.

International Military Education and Training (IMET) funds will help promote democracy in Paraguay and regional stability by increasing the professionalism of military personnel and continuing to develop military respect for civilian authority. IMET funds will be used to train Paraguayan officials at various military schools. Anticipated courses include the international officers' school, civil-military operations, and sustaining democracy. By increasing military professionalism, such training also reduces the likelihood that civilians will seek to involve the military in politics.

Paraguay will be eligible to receive Excess Defense Articles (EDA) in FY 2004 on a grant basis under Section 516 of the Foreign Assistance Act. Transfer of grant EDA to Paraguay will support our interest in strengthening the Paraguayan military as a democratic institution by continuing to expose it to modern, professional military forces.

Paraguay is a transshipment point for an estimated 40-60 metric tons of cocaine per year, some of which reaches the United States. International Narcotics Control and Law Enforcement (INCLE) funds from a Western Hemisphere regional account will be used for training, technical assistance, and equipment to help Paraguayan officials to further develop their law enforcement capabilities to confront cocaine trafficking and money laundering.

**Peru**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
CSH	23,666	22,027	16,732
DA	14,969	18,870	15,316
ESF	14,500	10,000	9,000
FMF	0	1,000	2,000
IMET	518	600	700
INCLE	142,500	135,000	116,000
NADR-HD	225	175	0
P.L. 480 Title II	37,035	25,053	20,472
Peace Corps	848	1,270	1,455

One of the largest countries in South America, Peru has a multifaceted relationship with the United States. Our major national security interests, however, focus on consolidating democracy, supporting counter-narcotics 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. Targeted USG assistance to Peru will prove the tipping point and foster a Peru that is economically healthy, democratically mature and aggressively pursuing counter-narcotics policies.

Although Peru is a source country for cocaine, the United States has received sustained cooperation from the Government of Peru (GOP) in counter-narcotics activities. FY 2004 Andean Counterdrug Initiative (ACI) funds will provide training, equipment, and technical assistance to Peruvian government agencies charged with implementing counter-narcotics-related programs, including law enforcement programs to disrupt coca and opium poppy cultivation, wholesale purchase, industrial-scale processing, and 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 Air Bridge Denial Program.

Additionally, Peru will be eligible in FY 2004 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Transfer of grant EDA to Peru serves a key U.S. national interest in assisting the GOP to combat illegal narcotics production and trafficking by providing needed equipment to the Peruvian security forces, which are an integral part of the counter-narcotics effort.

Another key component of the USG's comprehensive counter-narcotics strategy is the ACI-funded Alternative Development Program (ADP). In late 2002, in response to challenges that included high coca leaf prices, low market prices for licit products, an organized cocalero opposition, and the possible displacement of coca production from Colombia, the USG revised its strategies to link ADP more firmly to eradication and interdiction efforts. As part of this new strategy, the USG in FY 2004 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 counter-narcotics 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.

Increased and 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. Expansion of 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 part of Development Assistance (DA) funds are designed to foster these goals.

ESF-funded programs to strengthen democratic processes and institutions in critical areas include the provision of 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. Additionally, 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 also improve the military's capabilities to protect Peru's borders and promote regional stability. FMF funding will provide upgrades to medical, engineering, general field support and C-130 maintenance capabilities resulting from Peruvian army modernization and restructuring. 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. It will also provide body armor, night vision goggles, and small arms for Peru's only dedicated counterterrorism unit.

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.

Development Assistance (DA) programs will promote broad-based economic growth by providing financial and technical assistance to Peruvian public and private sector organizations to improve market systems and economic institutions, expand human capacity through education and training, improve food security, and expand employment opportunities for the poor.

DA-funded programs include efforts to: (a) increase 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, (c) use CSH funds to enhance the capacity of the Peruvian private and public sectors to meet basic health needs and (d) improve local management of basic education focusing on policies that promote decentralized management and improvement of education programs in selected communities.

**Peru-Ecuador Peace**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
ESF	4,500	4,500	4,500

In October 1998, Ecuador and Peru ended their 150-year old border dispute, which led to war twice in the last 20 years. Consolidation of the Peru/Ecuador peace agreement will enhance regional stability and allow the countries to develop a new attitude of trust. It will further allow both countries to focus their efforts on stopping illicit production of cocaine, combating drug transit and shipping of precursor chemicals.

The United States has assisted in demarcating and demining the formerly disputed area through the use of Nonproliferation, Anti-terrorism, Demining and Related programs (NADR) funds. These funds are also being used to support efforts by the Organization of American States (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 Ecuador-Peru peace through the use of Economic Support Funds (ESF) to help implement the border integration portion of the peace settlement, thus increasing stability and mitigating conflict through bi-national coordination and cooperation. FY 2004 ESF funded activities will build on previous year 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 the Peace funds, and plans are under way to complete the Peace fund commitment.

**Suriname**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
FMF	150	250	150
IMET	147	150	150
Peace Corps	843	925	1,021

The principal U.S. interests in Suriname are maintaining a stable democracy, combating terrorism and the flow of illegal drugs and migrants to the United States, and ensuring economic growth and development for both Surinamese and American investors. The United States also encourages protection of the country's large rain forest, which has an important role to play in preserving diversity in the global environment.

Suriname still suffers from an anti-military hangover that resulted from a decade of unpopular military rule in the 1980s. As a result, its military is woefully under-financed and experiences a lack of resources, including food and clothing for its soldiers, equipment and materials needed for training a force properly, and parts and fuel for operating mission-essential equipment. These deficiencies significantly inhibit the Surinamese Army's ability to effectively police Suriname's borders and vast, sparsely populated interior, making Suriname a favorite transshipment country for narco- and weapons-traffickers. The United States will use its FY 2004 Foreign Military Financing (FMF) funds to support deployment of U.S. mobile training teams to support organizational restructuring of the Infantry and Special Forces battalion, along with medical, logistics, and staff officer training to improve tracking, interdiction, hostage rescue, and bomb disposal.

The United States will use its International Military Education and Training (IMET) funds for projects that promote civilian control of the Surinamese armed forces, increase military professionalism, and expose Surinamese military personnel to U.S. norms and values with respect to the appropriate military role in democratic society. Suriname lacks a training infrastructure for developing military leaders. There are no domestic training opportunities available for military officers in Suriname, who therefore must rely on professional development courses acquired from foreign countries (historically Brazil, China, France, and India, as well as the United States). A recent agreement with the Netherlands intends to re-establish military cooperation.

The United States will work aggressively to help the Government of Suriname professionally develop and sustain its recently acquired counterdrug assets. The focus remains promotion of in-country training opportunities (in lieu of promoting Stateside course attendance) to increase the number of Surinamese military personnel who can be trained. A small USG counternarcotics/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 signed an Excess Defense Articles (EDA) agreement in December 2002 and will be eligible in FY 2004 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, a viable counter-drug capability, as well as combating terrorism, migrant and arms smuggling.

**Trinidad and Tobago**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
FMF	300	400	300
IMET	132	150	150

Trinidad and Tobago's economy is dominated by a growing oil and natural gas sector, including related downstream petrochemical industries, although the Government of Trinidad and Tobago (GOTT) is actively pursuing diversification. The United States is the leading exporter to and investor in Trinidad and Tobago. The U.S. Embassy is encouraging the GOTT to play a more active role in the Free Trade Area of the Americas and within the Caribbean Community (CARICOM) on trade matters. Other U.S. goals include further liberalization of the civil aviation, telecommunications, and financial services sectors that will encourage present and future U.S. investment. U.S. personnel are working with the GOTT to ensure fairness and transparency in acquisitions and awarding of bids for public projects. The United States continues to monitor the GOTT's level of enforcement of intellectual property rights. The GOTT is committed to free trade and a positive investment climate.

The United States and Trinidad and Tobago have an exceptionally cooperative relationship in combating crime, and Trinidad and Tobago is a strong and capable counter-narcotics partner in the Caribbean. Trinidad and Tobago's proximity to South America makes it a convenient transshipment point for narcotics headed to the United States. With U.S. assistance, the GOTT has identified and prosecuted major drug traffickers, seized narcotics-related assets, and charged individuals with money laundering. The Embassy is helping Trinidad and Tobago address problem areas in the judicial process by providing technical assistance and training to the police in criminal investigations and document fraud. A U.S. Customs Service team is working with GOTT Customs to strengthen passenger/cargo processing and make it more effective during drug interdiction efforts. An Internal Revenue Service team is helping the Board of Inland Revenue modernize tax collection procedures. The United States has donated equipment (five 82-foot patrol boats, two C-26, and two Piper-Navajo aircraft) to improve the country's air and sea surveillance against narcotics traffickers. International Narcotics Control and Law Enforcement funds are supporting a GOTT initiative to establish a Coast Guard Air Wing capable of conducting maritime surveillance missions, which has in its inventory the USG-donated aircraft.

Foreign Military Financing (FMF) funds will contribute to preventative maintenance and improvement of the maritime drug interdiction capability of the Trinidad and Tobago Defense forces. Trinidad and Tobago is focusing renewed attention on its coast guard fleet and will be overhauling four 82-foot cutters. FY 2004 FMF funds will help establish an aggressive preventative maintenance program to sustain the GOTT's maritime fleet used to combat transnational crime. Additional FMF will provide communications and specialized individual equipment.

The International Military Education and Training (IMET) program provides U.S. training in civil-military affairs to help reinforce civilian control of the military and the principles of human rights. Officer training assists in professionalizing the military, while training in logistics, maintenance, and equipment repairs helps maintain the technical proficiencies of the armed forces.

Trinidad and Tobago will be eligible in FY 2004 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Provision of grant EDA will be used to support CARICOM's role as a stabilizing force in the Caribbean through active involvement in peacekeeping operations, search-and-rescue missions, disaster relief, and counternarcotics operations. EDA will also aid in enhancing interoperability in U.S.-Caribbean joint exercises.

**Uruguay**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
FMF	1,000	1,000	1,000
IMET	464	450	450

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 in economic prosperity by ensuring that Uruguay's market is open to U.S. exports and by encouraging Uruguay's participation in the Free Trade Area of the Americas process to open regional markets to U.S. exports.

The requested International Military Education and Training (IMET) funding will promote regional stability by strengthening the Uruguayan military as a democratic institution. Participation by civilian and military officers in the Center for Hemispheric Defense Studies and the IMET program will help improve civil-military relations, rationalize the defense policy planning process, make it increasingly transparent, build civilian expertise in defense matters, and inculcate the principles of human rights in the future generation of military leaders. Attendance of mid- to senior grade officers and non-commissioned officers at professional development courses will facilitate the modernization and professionalism of the armed forces.

Technical and logistics training will help Uruguay maintain and manage its defense resources, improving 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 world wide 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 spare parts and maintenance support, especially for aviation units and specialized naval patrol boats.

Uruguay will be eligible in FY 2004 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Transfer of grant EDA to Uruguay will support U.S. interest in wide-spread participation in international peacekeeping efforts by increasing the interoperability of Uruguayan and other peacekeeping units. To the extent that it reinforces Uruguay's existing participation in peacekeeping efforts, transfer of EDA will also strengthen the Uruguayan military as a democratic institution by continuing to expose it to modern, professional military forces.

International Narcotics Control and Law Enforcement (INCLE) funds from Latin American Regional funds will help fight illegal drugs and international crime. The funds will be used for training to improve the professionalism of police units, for contraband detection efforts, and for providing equipment and training for nascent money laundering detection and investigation units. The funds will also be used for domestic demand reduction projects, such as public awareness campaigns, outreach programs for high-risk children, and health care training, and for equipment to improve the effectiveness of investigation and prosecution of major criminals.

**Venezuela**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
ESF	500	500	500
IMET	500	700	700
INCLE	5,000	8,000	5,000

As a leading supplier of foreign oil to the United States and host to considerable U.S. energy sector investment and a previously stable democracy confronted with a profound crisis of democratic governability, Venezuela represents a significant challenge and opportunity for U.S. foreign policy, with important national interests at stake. As with the other Andean countries, none of Venezuela's challenges - strengthening democracy, fostering economic development, combating narcotics trafficking, or fighting terrorism - can be addressed in isolation.

Andean Counterdrug Initiative (ACI) and Economic Support Fund (ESF) 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. Venezuela is a major transshipment route for illegal drugs destined for the United States. ACI funds will help improve the Government of Venezuela (GOV) interdiction and eradication efforts, combat international money laundering activities, and improve controls to prevent diversion of essential and precursor chemicals.

The United States will monitor Venezuelan relations with Colombia and the border disputes between Venezuela and its neighbors, using diplomatic resources to help ameliorate any potential disagreement. In FY 2004, 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 2004 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 U.S. is actively supporting efforts by Organization of American States (OAS) Secretary General Gaviria to facilitate a peaceful, constitutional, democratic, and electoral solution to its present crisis. The U.S. has committed to participate in the "Friends of the Secretary General" to advance dialogue between the Government of Venezuela and the opposition. Should this dialogue result in comprehensive agreement, the U.S. will need to offer support to implement any such agreement that is likely to include support for a free, fair, and transparent electoral event.

Venezuela's economy continues to face considerable difficulties. The Venezuelan economy is likely to contract again in 2003. The GOV will need to close a significant and growing budget deficit. Unemployment is growing, as is the informal sector of the economy. Foreign exchange reserves are being depleted rapidly, capital flight is accelerating, and there is growing concern the government may default on its debt. Venezuela continues to face the challenges of creating favorable conditions for investment and maintaining economic growth through the up-and-down cycles of the global oil market. We will continue

to advocate U.S. commercial interests and encourage broad-based growth through continued economic reform, including economic diversification and reduced spending on nonproductive activities.

**Administration of Justice/ICITAP**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
ESF	8,663	11,000	7,000

Regional activities to strengthen the rule of law, with a special emphasis on police reform, help achieve U.S. interests in the areas of democracy, law enforcement, and human rights. The development of strong civilian police organizations that work effectively with prosecutors and other actors in the criminal justice system enable countries to establish and protect the rule of law, provide for their own public security, and cooperate more effectively with U.S. law enforcement agencies in international matters.

Police reform activities in the Western Hemisphere promote the organizational development of civilian police agencies in three basic areas – investigations and forensics, management, and police academy curriculum. Programs aim to engage selected law enforcement units or entire agencies in the formulation and implementation of long-term institutional development plans. In countries where new police organizational laws either have or will be approved, general technical advice and other assistance are provided for development of an appropriate overall management structure. In other countries, the primary focus is the development of effective investigative units or divisions capable of supporting the new criminal procedure codes that are being adopted throughout Latin America. Another focus is the development of forensic laboratories, as well as an understanding by all participants in the criminal justice process of the value of physical evidence. Assistance is provided to other police agencies to develop their own training programs in basic and specialized areas, such as criminal investigation and for supervisory and executive level personnel.

Other activities to support the development of the rule of law – such as the Justice Studies Center of the Americas, an initiative of the Summit of the Americas – are also supported through this account. The Justice Studies Center, located in Santiago, Chile, serves as a clearinghouse of information and expertise on justice sector reform. It organizes and sponsors comparative analysis of problems affecting justice sector performance, such as the implementation of new criminal procedure codes. With support from all 34 democratic governments in the hemisphere, it is uniquely situated to provide impetus for the consolidation of reforms that have been started but may not be successfully concluded without ongoing analysis and peer pressure.

For FY 2004, funding is needed to continue programs underway in El Salvador, the Dominican Republic, Guatemala, Honduras, and Nicaragua, as well as for the Justice Studies Center. Political and legislative developments permitting, it is possible that programs would also be initiated in Venezuela, the southern cone, and the English-speaking Caribbean.



**OAS/IADB Demining**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
NADR-HD	1,695	1,100	3,000

The State Department's Humanitarian Demining Program - funded through Nonproliferation, Anti-terrorism, Demining, and Related Programs (NADR) - seeks to relieve human suffering, to promote national and regional stability, and to foster economic development by returning mined land to economic utility. During the Central American conflicts of the 1980s and early 1990s, thousands of mines were laid throughout the region threatening human life and providing a dangerous impediment to regional development. During the Peru-Ecuador border war of 1995, that border region was heavily mined. Mines were used by both the government of Colombia and the various insurgent groups in that country.

The Organization of American States (OAS) and the Inter-American Defense Board (IADB) began demining assistance to Central American countries in 1991. This effort has now expanded into a multi-dimensional program known as Comprehensive Action against Antipersonnel Mines (AICMA). AICMA activities include mine risk awareness education, victim assistance, support for minefield clearance, and destruction of existing mine stockpiles. AICMA has had great success in Central America. Costa Rica achieved impact-free status in 2002 and Guatemala and Nicaragua were expected to reach impact free status in 2003. Honduras, which suffered a major setback when previously marked mined areas were flooded during Hurricane Mitch, reconstituted its mine clearance capability and also nears impact-free status. Nicaragua, which is the most mine-affected country in the hemisphere, has made considerable progress primarily as a result of steady and consistent support from the United States. Most of the funds requested for OAS/IADB Demining under NADR will be allocated to accelerate clearance efforts in Nicaragua. AICMA expanded its activity into both Peru and Ecuador, which destroyed their landmine stockpiles and have now begun the process of clearing their territories of landmines. The OAS is developing a program for Colombia in response to a request for assistance received in 2002. Since the conflict in Colombia is ongoing the program would initially focus on stockpile destruction, risk awareness, victim assistance and information gathering on the location of mines. NADR funds will provide equipment and other material support to AICMA, while the Department of Defense provides personnel who train, advise and assist on technical and logistical matters and provide limited medical and communications support. NADR funds also support the integration of mine detection dogs into the AICMA program, as well as testing of new mine-clearance technologies.

### Third Border Initiative

(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
ESF	0	3,000	9,000

The Caribbean is a region of roughly 21 million people with tremendous potential to affect U.S. domestic interests. The United States and the Caribbean are closely linked by travel and immigration: each year millions of Americans visit the Caribbean, while tens of thousands of Caribbean immigrants arrive in the United States. The region is a major market for U.S. exports and investment. Events in the Caribbean have a direct impact on the homeland security of the United States due to its proximity. Moreover, the democratic Caribbean countries hold 14 votes in the Organization of American States and are important partners in addressing hemispheric challenges.

The nations of the Caribbean are particularly vulnerable. They are small economies with limited ability to diversify and thus highly sensitive to adverse global economic conditions. In addition, they are environmentally fragile and share a propensity for hurricanes and natural disasters.

A decline in the Caribbean's political and economic stability would have a direct impact upon the United States – heightening the region's vulnerability to be used as a platform for unlawful activities directly affecting U.S. interests, particularly drug trafficking, financial crimes, and illegal immigration. A faltering regional economy or a rejection of free markets would hamper the demand for U.S. goods and services and jeopardize U.S. investments. Deteriorating governmental capabilities would also jeopardize the security of Americans visiting or traveling in the region. To strengthen the capabilities of Caribbean institutions to address economic, environmental, political, and societal problems and mitigate or prevent their spillover to the United States, the U.S. Government has developed the Third Border Initiative (TBI).

TBI will supplement our bilateral assistance to the 14 Caribbean Community countries, plus the Dominican Republic and Haiti. A prime example of this support is the HIV/AIDS program. A combination of Development Assistance (DA), Economic Support Funds (ESF) and Child Survival and Health Programs (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 its transmission clearly serves U.S. interests. Haiti, the Bahamas, Guyana, and the Dominican Republic, which have significant immigrant communities in the U.S. and/or are important tourist destinations, have prevalence rates higher than many sub-Saharan African countries.

In FY 2004 DA and ESF will be used to support technical assistance in preparation for the conclusion in 2005 of the Free Trade Agreement of the Americas (FTAA). A key regional U.S. objective is to eliminate barriers to foreign investment and trade and to encourage the nations of the Caribbean to participate productively in the FTAA and the World Trade Organization (WTO). The United States will fund Caribbean-specific FTAA- and WTO-related analytical studies on the policy implications and benefits of FTAA provisions.

The United States will also assist the Caribbean to prepare for the competitive global economy by helping upgrade the region's educational training capabilities. DA funds will continue support (begun in FY 2002) for a Caribbean-based "Center for Excellence" to advance teacher training throughout the region and promote greater use of technological resources. In addition, the United States will provide scholarships and internships to foster greater exposure to entrepreneurship.

Third Border Initiative funds will 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. 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. 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

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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 2002, regardless of when the articles and services were or will be delivered.

The second part shows the estimated dollar values projected for FY 2003 and FY 2004. 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 2002 ACTUAL			ESTIMATED	
	DEFENSE ART/SERV	CONSTR/DESIGN	TOTAL	FY 2003	FY 2004
<b>Africa:</b>					
Benin	1,000	0	1,000		
Botswana	1,350	0	1,350	644	794
Chad	594	230	824	250	0
Djibouti	0	0	0	750	100
Eritrea	0	0	0	100	0
Ethiopia	0	0	0	750	500
Guinea	3,100	0	3,100	100	0
Ivory Coast	0	0	0	300	0
Kenya	1,293	0	1,293	3,200	12,500
Madagascar	1,654	0	1,654	100	50
Malawi	306	0	306	100	50
Mali	200	0	200	100	1,000
Mozambique	15	585	600	150	50
Namibia	463	0	463	50	50
Niger	294	0	294	200	400
Nigeria	8,610	976	9,586	4,500	2,400
Sao Tome & Principe	70	0	70		
Senegal	936	0	936	300	250
Sierra Leone	0	0	0	200	500
South Africa	1,937	0	1,937	750	500
Tanzania	76	0	76	20	0
Togo	100	0	100		
Regional Total	21,998	1,791	23,788	12,564	19,144
<b>Western Hemisphere:</b>					
Antigua-Barbuda*	541	0	541	50	125
Argentina	3,497	0	3,497	4,000	4,000
Bahamas, The	0	0	0	200	550
Barbados*	116	0	116	25	50
Belize	0	0	0	100	100
Bolivia	652	0	652	500	1,000
Bolivia - Intl. Narc.	824	0	824	100	0
Brazil	36,073	0	36,073	8,000	20,000
Brunei	0	0	0	0	0
Canada	151,589	0	151,589	107,900	210,000
Chile	548,071	0	548,071	2,000	20,000
Colombia	37,203	0	37,203	10,000	10,000
Colombia - Intl. Narc.	2,269	0	2,269		2,000
Costa Rica	0	0	0	85	260
Dominica*	210	0	210	60	100
Dominican Republic	825	0	825	400	500
Ecuador	5,541	488	6,029	3,310	9,500
Ecuador - Intl. Narc.	300	0	300	100	0
El Salvador	3,056	0	3,056	1,100	1,520
Grenada*	197	0	197	25	50
Guyana	297	0	297	200	300
Haiti	0	0	0	0	100
Honduras	674	120	794	500	750
Jamaica	807	0	807	500	650
Mexico	2,057	0	2,057	1,500	2,000
Panama	0	0	0	100	300
Paraguay	597	0	597	200	300
Peru	0	0	0	500	850
Peru - Intl. Narc.	179	0	179	50	0
St. Kitts and Nevis*	208	0	208	25	25

	FY 2002 ACTUAL			ESTIMATED	
	DEFENSE ART/SERV	CONSTR/DESIGN	TOTAL	FY 2003	FY 2004
St. Lucia*	200	0	200	25	50
St. Vincent & Gren.*	113	0	113	25	50
Suriname	0	0	0	0	100
Trinidad & Tobago	100	0	100	150	225
Uruguay	369	0	369	1,000	1,000
Venezuela	3,239	0	3,239	1,000	4,000
Regional Total	799,805	608	800,413	143,730	290,455
<b>East Asia &amp; Pacific:</b>					
Australia	171,443	0	171,443	215,500	436,500
Cambodia	424	0	424	444	0
Japan	946,096	338	946,434	768,486	237,430
Korea (Seoul)	1,843,006	0	1,843,006	658,100	230,000
Malaysia	23,544	0	23,544	1,489,306	0
Mongolia	287	0	287	1,000	2,700
New Zealand	5,970	0	5,970	12,305	12,305
Philippines	14,262	0	14,262	45,575	17,000
Singapore	152,116	0	152,116	110,000	260,000
Taiwan	70,977	0	70,977	602,000	602,000
Thailand	58,993	0	58,993	8,129	58,375
UNTAET (East Timor)	1,796	0	1,796	2,000	2,500
Regional Total	3,288,914	338	3,289,252	3,912,845	1,858,810
<b>Europe &amp; NIS:</b>					
Albania	5,635	0	5,635	5,000	9,000
Armenia	0	0	0	4,000	3,000
Austria	5,011	0	5,011	5,350	4,150
Azerbaijan	0	0	0	4,000	3,500
Belgium	47,560	0	47,560	75,000	45,000
Bosnia-Herzegovina	2,152	0	2,152	2,500	3,000
Bulgaria	4,786	0	4,786	9,500	13,000
Croatia	4,092	0	4,092	6,200	9,500
Czech Republic	20,532	0	20,532	13,800	13,600
Denmark	94,755	0	94,755	54,800	110,800
Estonia	7,696	0	7,696	7,360	6,010
Finland	7,240	0	7,240	3,600	54,700
France	227,397	0	227,397	5,889	5,033
Georgia	35,250	0	35,250	7,000	10,500
Germany	160,651	0	160,651	195,000	45,000
Greece	339,966	0	339,966	136,500	140,275
Hungary	12,166	0	12,166	10,000	12,000
Ireland	9	0	9	100	110
Italy	190,976	0	190,976	263,000	700,000
Kazakhstan	1,064	4,878	5,942	3,000	2,900
Kyrgyzstan	6,217	0	6,217	7,000	5,000
Latvia	5,965	0	5,965	9,650	58,400
Lithuania	13,779	0	13,779	37,200	10,450
Luxembourg	2,827	0	2,827	500	500
Macedonia (FYROM)	4,625	0	4,625	11,000	11,000
Malta	0	0	0	1,000	3,000
Moldova	2,245	0	2,245	2,500	2,500
Netherlands	156,728	0	156,728	134,230	440,000
Norway	90,193	0	90,193	81,000	167,000
Poland	65,446	0	65,446	3,522,150	12,000
Portugal	160,851	0	160,851	10,400	43,200
Romania	22,044	0	22,044	32,225	10,000
Slovakia	11,597	0	11,597	9,000	12,000
Slovenia	3,103	0	3,103	5,000	7,500
Spain	122,821	0	122,821	99,500	1,349,900

	FY 2002 ACTUAL			ESTIMATED	
	DEFENSE ART/SERV	CONSTR/DESIGN	TOTAL	FY 2003	FY 2004
Sweden	6,731	0	6,731	950	1,050
Switzerland	138,194	0	138,194	96,838	6,400
Tajikistan	0	0	0	3,000	3,000
Turkey	210,962	0	210,962	260,400	1,078,850
Turkmenistan	975	0	975	875	300
Ukraine	4,988	0	4,988	3,000	13,000
United Kingdom	247,071	0	247,071	548,500	86,000
Uzbekistan	27,506	0	27,506	11,000	0
Regional Total	2,471,808	4,878	2,476,686	5,698,517	4,512,128
<b><u>Near East &amp; South Asia:</u></b>					
Afghanistan	6,066	829	6,895	50,075	151,250
Algeria	0	0	0	7,000	500
Bahrain	103,890	0	103,890	81,500	79,140
Egypt	1,040,908	32,332	1,073,240	534,885	314,000
India	138,279	0	138,279	117,400	410,000
Israel	697,986	12,683	710,669	669,000	114,000
Jordan	128,614	0	128,614	198,707	115,078
Kuwait	1,021,823	23,000	1,044,823	111,250	368,000
Lebanon	1,341	0	1,341	3,000	2,800
Morocco	9,831	0	9,831	5,315	20,465
Nepal	3,378	0	3,378	14,000	15,150
Oman	825,798	0	825,798	76,130	25,010
Pakistan	29,481	0	29,481	71,750	363,900
Qatar	1,176	0	1,176		
Saudi Arabia	884,954	0	884,954	503,000	1,903,000
Sri Lanka	0	0	0	0	1,000
Tunisia	8,899	0	8,899	6,300	22,800
United Arab Emirates	240,803	0	240,803	1,249,300	392,000
Yemen	811	0	811	19,000	20,000
Regional Total	5,144,038	68,844	5,212,882	3,717,612	4,318,093
<b><u>Non-Regional:</u></b>					
Classified Totals (A)	666,761	0	666,761	705,000	57,000
International Org.	43,615	0	43,615	40,540	40,000
Non-Regional Total	710,377	0	710,377	745,540	97,000
Worldwide Total	12,436,940	76,459	12,513,399	14,232,108	11,097,130

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 Foreign Operations, Export Financing and Related Programs Appropriations Act of 2003, P.L. 107-229, included, for FY 2003 only, a ceiling of \$356 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 2004, \$361 million is required. About the same number of work years will be financed in FY 2004 as in FY 2003. DoD's FMS workload is level as indicated by actual sales between FY's 1999-2002 in the \$12-13 billion range, and anticipated sales for FY 2003-2004 also in the \$12 billion range.

The following table shows FMS administrative budget amounts for FY's 2002-2004.

**Foreign Military Sales Administrative Costs/Workyears**  
(\$ in millions)

	FY 2002 Actual		FY 2003 Estimate		FY 2004 Request	
	Workyrs	Dollars	Workyrs	Dollars	Workyrs	Dollars
Military Departments	2,595	217.980	2,578	220.470	2,556	223.982
Other Defense Activities	612	114.415	622	107.250	615	109.370
Overseas (Net)	345	25.905	345	28.280	345	27.648
Total	3,552	355.300	3,545	356.000	3,516	361.000

## 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 Combatant Commanders to ensure that SAOs are properly staffed to conduct their missions efficiently.

In FY 2003, separate SAOs will be assigned to seventy-nine countries. In thirty-two 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 2002 and the estimated levels for FY 2003 and FY 2004. Actual assigned strengths for FY 2003 and FY 2004 may be less than the authorized levels shown. Staffing requirements may change as individual country programs develop.

### U.S. SECURITY ASSISTANCE ORGANIZATIONS

DAO	Defense Attaché Office
JUSMAG	Joint U.S. Military Assistance Group
JUSMAG-K	Joint U.S. Military Affairs Group - Korea
KUSLO	Kenya U.S. Liaison Office
MAP	Military Assistance Program
MDAO	Mutual Defense Assistance Office
NLO	Navy Liaison Office
ODC	Office of Defense Cooperation
ODR	Office of Representative
ODRP	Office of Defense Representative - Pakistan
OMC	Office of Military Cooperation
OMC-K	Office of Military Cooperation - Kuwait
SAO	Security Assistance Office
USLO	U.S. Liaison Office
USMAAG	U.S. Military Assistance Advisory Group
USMILGP	U.S. Military Group
USMLO	U.S. Military Liaison Office
USMTM	U.S. Military Training Mission

The table above is a glossary of Organizations assigned to U.S. Diplomatic Missions overseas that manage host country security assistance programs.

**Overseas Military Program Management – Costs**  
(\$ in thousands)

	ORG.	FY 2002 Actual			FY 2003 Estimate			FY 2004 Request		
		FMF	FMS	TOTAL	FMF	FMS	TOTAL	FMF	FMS	TOTAL
<b><u>Africa:</u></b>										
Angola	DAO	9	0	9	11	0	11	12	0	12
Benin	EMBASSY	44	0	44	51	0	51	55	0	55
Botswana	ODC	237	59	296	233	58	291	256	64	320
Cameroon	DAO	8	1	9	11	0	11	11	0	11
Cape Verde	EMBASSY	9	0	9	10	0	10	14	0	14
Chad	DAO	33	8	41	59	0	59	33	0	33
Cote d'Ivoire	DAO	14	2	16	17	0	17	17	0	17
Djibouti	USLO	365	0	365	382	0	382	529	0	529
Eritrea	USLO	169	0	169	192	6	198	324	10	334
Ethiopia	SAO	38	26	64	101	3	104	231	7	238
Gabon	EMBASSY	25	0	25	24	0	24	25	0	25
Ghana	ODC	36	4	40	205	0	205	214	0	214
Guinea	DAO	8	1	9	9	0	9	13	0	13
Guinea-Bissau	EMBASSY	3	0	3	3	0	3	3	0	3
Kenya	KUSLO	356	356	712	581	387	968	598	398	996
Lesotho	EMBASSY	14	0	14	16	0	16	16	0	16
Madagascar	EMBASSY	18	0	18	30	0	30	27	0	27
Malawi	DAO	41	10	51	42	14	56	45	15	60
Mali	DAO	26	0	26	25	0	25	26	0	26
Mauritania	EMBASSY	25	0	25	17	0	17	20	0	20
Mozambique	DAO	11	1	12	17	0	17	17	0	17
Namibia	EMBASSY	32	8	40	65	16	81	68	17	85
Niger	DAO	30	0	30	30	0	30	32	0	32
Nigeria	ODC	240	103	343	337	0	337	465	0	465
Rwanda	DAO	25	3	28	31	0	31	33	0	33
Sao Tome & Principe	EMBASSY	9	0	9	9	0	9	10	0	10
Senegal	ODC	224	110	334	239	123	362	249	128	377
Seychelles	EMBASSY	20	0	20	19	0	19	19	0	19
South Africa	ODC	310	34	344	318	24	342	330	25	355
Tanzania	EMBASSY	6	1	7	10	0	10	11	0	11
Togo	EMBASSY	6	0	6	9	0	9	10	0	10
Uganda	EMBASSY	15	0	15	17	0	17	17	0	17
Zambia	EMBASSY	13	0	13	13	0	13	14	0	14
Zimbabwe	DAO	8	1	9	12	0	12	12	0	12
<b>Regional Total</b>		<b>2,427</b>	<b>728</b>	<b>3,155</b>	<b>3,145</b>	<b>631</b>	<b>3,776</b>	<b>3,756</b>	<b>664</b>	<b>4,420</b>
<b><u>Western Hemisphere:</u></b>										
Argentina	USMILGP	324	108	432	373	124	497	392	153	545
Bahamas	USNLO	18	2	20	22	2	24	16	10	26
Belize	USMLO	256	108	364	228	96	324	333	50	383
Bolivia	USMILGP	484	207	691	528	226	754	432	300	732
Brazil	USMLO	218	117	335	242	130	372	198	206	404
Canada	DAO	0	66	66	0	67	67	3	64	67
Chile	USMILGP	268	115	383	246	105	351	242	130	372
Colombia	USMILGP	449	150	599	506	169	675	317	259	576
Costa Rica	ODR	187	62	249	193	64	257	220	62	282
Dominican Republic	USMAAG	225	75	300	280	93	373	272	153	425
Eastern Caribbean	USMLO	324	81	405	349	87	436	281	188	469
Ecuador	USMILGP	337	145	482	343	147	490	549	0	549
El Salvador	USMILGP	514	129	643	582	146	728	736	0	736
Guatemala	USMILGP	229	0	229	207	0	207	236	0	236

	ORG.	FY 2002 Actual			FY 2003 Estimate			FY 2004 Request		
		FMF	FMS	TOTAL	FMF	FMS	TOTAL	FMF	FMS	TOTAL
Guyana	USMLO	16	1	17	17	1	18	12	7	19
<b>Western Hemisphere</b>										
<b>Con't:</b>										
Haiti	USMLO	661	0	661	524	0	524	420	236	656
Honduras	USMILGP	411	176	587	450	193	643	441	124	565
Jamaica	USMLO	221	147	368	244	163	407	309	103	412
Mexico	USMLO	369	246	615	446	297	743	573	201	774
Nicaragua	USMLO	15	1	16	19	1	20	13	8	21
Panama	ODC	119	40	159	113	38	151	112	46	158
Paraguay	ODC	192	21	213	179	20	199	139	75	214
Peru	USMAAG	463	24	487	535	28	563	474	90	564
Suriname	DAO	20	0	20	11	0	11	12	0	12
Trinidad & Tobago	USMLO	37	0	37	44	0	44	41	5	46
Uruguay	ODC	181	97	278	178	96	274	158	146	304
Venezuela	USMILGP	500	167	667	359	120	479	503	56	559
<b>Regional Total</b>		<b>7,038</b>	<b>2,285</b>	<b>9,323</b>	<b>7,218</b>	<b>2,413</b>	<b>9,631</b>	<b>7,434</b>	<b>2,672</b>	<b>10,106</b>
<b>East Asia &amp; Pacific:</b>										
Australia	ODC	151	123	274	180	115	295	166	136	302
Cambodia	DAO	37	25	62	45	22	67	46	23	69
Fiji	DAO	38	9	47	49	0	49	51	0	51
Indonesia	OMADP	254	109	363	280	104	384	253	136	389
Japan	MDAO	139	787	926	113	1,014	1,127	116	1,043	1,159
Malaysia	SAO	276	136	412	281	221	502	292	229	521
Mauritius	EMBASSY	10	0	10	17	0	17	16	0	16
Mongolia	DAO	111	0	111	150	0	150	148	0	148
New Zealand	DAO	0	70	70	35	35	70	19	57	76
Philippines	JUSMAG	246	499	745	424	209	633	441	294	735
Singapore	ODC	158	369	527	165	553	718	169	567	736
South Korea	JUSMAG	596	1,015	1,611	394	1,320	1,714	413	1,384	1,797
Thailand	JUSMAG	700	466	1,166	651	491	1,142	610	499	1,109
Vietnam	DAO	47	0	47	50	0	50	54	0	54
<b>Regional Total</b>		<b>2,763</b>	<b>3,608</b>	<b>6,371</b>	<b>2,834</b>	<b>4,084</b>	<b>6,918</b>	<b>2,794</b>	<b>4,368</b>	<b>7,162</b>
<b>Europe &amp; Eurasia:</b>										
Albania	ODC	141	35	176	163	77	240	169	79	248
Armenia	ODC	48	0	48	167	0	167	179	0	179
Austria	ODC	68	203	271	14	267	281	14	274	288
Azerbaijan	ODC	119	0	119	156	0	156	166	0	166
Belgium	ODC	129	301	430	111	316	427	117	333	450
Bosnia	ODC	152	65	217	145	110	255	149	112	261
Bulgaria	ODC	182	98	280	236	48	284	245	50	295
Croatia	ODC	148	99	247	133	113	246	137	116	253
Czech Republic	ODC	196	161	357	172	187	359	167	181	348
Denmark	ODC	73	293	366	134	299	433	135	300	435
Estonia	ODC	84	102	186	147	63	210	151	65	216
Finland	DAO	0	5	5	1	11	12	1	11	12
France	ODC	20	376	396	362	54	416	374	56	430
Georgia	ODC	124	31	155	203	0	203	212	0	212
Germany	ODC	210	490	700	335	363	698	274	411	685
Greece	ODC	912	608	1,520	349	1,238	1,587	347	1,229	1,576
Hungary	ODC	152	218	370	229	180	408	237	186	423
Italy	ODC	213	497	710	282	480	762	283	482	765
Kazakhstan	SAO	166	136	302	230	85	315	278	150	428
Kyrgyzstan	SAO	77	94	171	51	42	93	126	84	210
Latvia	ODC	148	58	206	172	40	212	177	41	218



	ORG.	FY 2002 Actual			FY 2003 Estimate			FY 2004 Request		
		FMF	FMS	TOTAL	FMF	FMS	TOTAL	FMF	FMS	TOTAL
Lithuania	ODC	115	94	209	102	107	209	105	109	214
<b>Europe &amp; Eurasia Con't:</b>										
Luxembourg	EMBASSY	2	15	17	6	13	19	6	13	19
Macedonia (FYROM)	ODC	137	137	274	69	186	255	78	211	289
Malta	EMBASSY	37	0	37	39	0	39	30	0	30
Moldova	ODC	121	52	173	190	0	190	196	0	196
Netherlands	ODC	125	292	417	128	298	426	131	305	436
Norway	ODC	133	163	296	118	157	275	117	155	272
Poland	ODC	350	350	700	389	389	778	408	408	816
Portugal	ODC	489	210	699	332	405	737	350	428	778
Romania	ODC	59	120	179	93	90	183	96	92	188
Russia	DAO	165	0	165	276	0	276	276	0	276
Slovakia	ODC	81	99	180	96	85	181	99	87	186
Slovenia	ODC	115	75	190	122	63	185	126	65	191
Spain	ODC	96	382	478	210	257	467	214	262	476
Sweden	ODC	0	7	7	0	12	12	0	14	14
Switzerland	DAO	0	16	16	0	31	31	0	34	34
Tajikistan	DAO	171	0	171	130	0	130	139	0	139
Turkey	ODC	1,911	2,533	4,444	2,906	1,707	4,613	2,668	2,012	4,620
Turkmenistan	DAO	64	7	71	125	0	125	134	0	134
Ukraine	ODC	110	134	244	136	188	324	129	178	307
United Kingdom	ODC	114	56	170	100	85	185	103	87	190
Uzbekistan	SAO	82	55	137	104	51	155	119	80	199
<b>Regional Total</b>		<b>7,839</b>	<b>8,667</b>	<b>16,506</b>	<b>9,463</b>	<b>8,097</b>	<b>17,560</b>	<b>9,462</b>	<b>8,700</b>	<b>18,162</b>
<b>Near East &amp; South Asia:</b>										
Afghanistan	OMC	171	0	171	266	0	266	257	0	257
Algeria	DAO	9	0	9	26	0	26	26	0	26
Bahrain	OMC	120	426	546	285	349	634	291	355	646
Bangladesh	DAO	146	62	208	189	6	195	207	6	213
Egypt	OMC	1,224	2,486	3,710	1,830	2,282	4,112	1,911	2,288	4,199
India	DAO	265	47	312	217	84	301	226	88	314
Israel	DAO	0	81	81	25	58	83	26	61	87
Jordan	MAP	310	881	1,191	767	413	1,180	651	434	1,085
Kuwait	OMC	351	39	390	193	302	495	201	314	515
Lebanon	DAO	383	206	590	617	0	617	480	160	640
Morocco	ODC	585	65	650	589	88	677	642	96	738
Nepal	SAO	195	0	195	178	39	217	187	41	228
Oman	OMC	314	400	714	292	342	634	298	350	648
Pakistan	ODRP	322	36	358	331	194	525	262	154	416
Qatar	USLO	44	397	441	251	223	474	259	230	489
Saudi Arabia	USMTM	0	1,072	1,072	0	1,030	1,030	0	1,038	1,038
Sri Lanka	DAO	50	9	59	62	0	62	64	0	64
Tunisia	ODC	346	283	629	344	305	649	349	310	659
United Arab Emirates	USLO	97	714	811	415	415	830	482	482	964
Yemen	DAO	94	77	171	134	72	206	141	76	217
<b>Regional Total</b>		<b>5,026</b>	<b>7,281</b>	<b>12,307</b>	<b>7,011</b>	<b>6,202</b>	<b>13,213</b>	<b>6,960</b>	<b>6,483</b>	<b>13,443</b>
<b>WORLDWIDE TOTAL</b>		<b>25,093</b>	<b>22,569</b>	<b>47,662</b>	<b>29,671</b>	<b>21,427</b>	<b>51,098</b>	<b>30,406</b>	<b>22,887</b>	<b>53,293</b>

NOTE: Totals may not add due to rounding.

## Overseas Military Program Management - Personnel Strengths

	ORG.	FY 2002 Actual				FY 2003 Estimate				FY 2004 Request			
		MIL	CIV	LOCAL	TOT	MIL	CIV	LOCAL	TOT	MIL	CIV	LOCAL	TOT
<b>Africa:</b>													
Botswana	ODC	2	0	1	3	2	0	1	3	2	0	1	3
Chad	DAO a/	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	1	0	0	1
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	EMBASSY b/	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	2	0	0	2	3	0	0	3	3	0	0	3
Rwanda	DAO a/	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	0	2	2	0	0	2	2	0	0	2
Regional Total		14	4	8	26	15	4	9	28	15	4	9	28
<b>Western Hemisphere:</b>													
Argentina	USMILGP	3	0	2	5	3	0	2	5	3	0	2	5
Barbados	USMLO c/	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	DAO a/	1	0	1	2	1	0	1	2	1	0	1	2
Chile	USMILGP	2	0	2	4	2	0	2	4	2	0	2	4
Colombia	USMILGP	5	0	3	8	5	0	3	8	5	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	4	1	2	7	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	5	1	4	10	4	1	3	8
Jamaica	USMLO	2	0	0	2	2	0	0	2	2	0	0	2
Mexico	DAO a/	3	1	4	8	3	1	4	8	3	1	4	8
Nicaragua	DAO a/	0	0	0	0	0	0	0	0	1	1	0	2
Panama	DAO a/	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	3	1	5	9	1	0	4	5
Suriname	DAO a/	0	0	0	0	0	0	0	0	1	0	0	1
Trinidad and Tobago	USMLO	0	0	0	0	0	0	0	0	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	3	6
Regional Total		58	8	38	104	58	8	38	104	58	10	35	103
<b>East Asia &amp; Pacific:</b>													
Australia	ODC a/	4	1	1	6	4	1	1	6	4	1	1	6
Bangladesh	DAO a/	1	0	1	2	1	0	1	2	1	0	1	2
Cambodia	DAO a/	1	0	2	3	1	0	2	3	1	0	2	3
Fiji	DAO a/	1	0	1	2	1	0	1	2	1	0	1	2
Indonesia	DAO a/	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	DAO b/	1	0	1	2	1	0	1	2	1	0	1	2
New Zealand	DAO a/	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	DAO a/	0	0	1	1	0	0	1	1	0	0	1	1
South Korea	JUSMAG-K	17	0	10	27	17	0	10	27	16	0	10	26
Thailand	JUSMAG	14	1	11	26	14	1	11	26	14	1	11	26
Vietnam	DAO a/	0	0	1	1	0	0	1	1	0	0	1	1
Regional Total		60	6	52	118	60	6	52	118	59	6	52	117

	ORG.	FY 2002 Actual				FY 2003 Estimate				FY 2004 Request			
		MIL	CIV	LOCAL	TOT	MIL	CIV	LOCAL	TOT	MIL	CIV	LOCAL	TOT
<b>Europe and Eurasia:</b>													
Albania	ODC	1	0	2	3	1	0	2	3	1	0	2	3
Armenia	ODC	0	0	0	0	0	0	0	0	1	0	0	1
Austria	ODC	2	0	0	2	2	0	0	2	2	0	0	2
Azerbaijan	ODC	0	0	0	0	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	1	3	2	0	2	4
Croatia	ODC	1	1	0	2	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	1	2	1	0	2	3	1	0	2	3
Germany	ODC	5	2	3	10	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	5	9	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	1	1	1	3	1	1	1	3
Latvia	ODC	1	0	1	2	2	0	1	3	2	0	2	4
Lithuania	ODC	1	0	1	2	2	0	1	3	2	0	2	4
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	3	0	3	6	4	0	3	7	4	0	3	7
Portugal	ODC	5	1	3	9	4	0	3	7	4	0	3	7
Romania	ODC	1	0	1	2	1	0	2	3	1	0	2	3
Russia	DAO a/	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	0	1	2	0	1	3	2	0	2	4
Slovenia	ODC	1	0	1	2	1	0	2	3	1	0	2	3
Spain	ODC	4	2	1	7	4	2	1	7	4	2	1	7
Tajikistan	DAO a/	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	DAO a/	1	0	0	1	1	0	1	2	1	0	1	2
Ukraine	ODC	1	0	1	2	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	1	1	1	3	1	1	1	3	1	1	1	3
Regional Total		87	19	60	166	91	14	64	169	91	14	68	173
<b>Near East/South Asia:</b>													
Afghanistan	OMC	0	0	0	0	5	0	1	6	5	0	0	5
Bahrain	OMC	6	1	0	7	6	1	0	7	6	1	0	7
Bangladesh	DAO a/	0	0	1	1	1	0	1	2	1	0	1	2
Egypt	OMC	28	8	12	48	27	8	12	47	27	8	12	47
India	DAO a/	1	1	2	4	1	1	2	4	2	1	2	5
Israel	DAO a/	0	1	0	1	0	1	0	1	0	0	1	1
Jordan	MAP	8	2	4	14	8	2	4	14	9	1	4	14
Kuwait	OMC	10	2	1	13	10	2	1	13	10	1	1	12
Lebanon	DAO a/	1	0	3	4	1	0	3	4	1	0	3	4
Madagascar	DAO a/	0	0	1	1	0	0	1	1	0	0	1	1
Morocco	ODC	3	1	4	8	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	5	1	1	7
Pakistan	ODRP	2	1	3	6	3	1	3	7	3	1	3	7
Qatar	USLO	2	1	0	3	2	1	0	3	2	1	0	3
Saudi Arabia	USMTM	64	2	9	75	59	2	8	69	59	0	7	66
Sri Lanka	DAO a/	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	DAO a/	0	0	1	1	2	0	1	3	2	0	1	3
Regional Total		143	23	46	212	143	23	44	210	145	18	43	206
<b>WORLDWIDE TOTAL</b>		362	60	204	626	367	55	207	629	368	52	207	627

ORG.	MIL	FY 2002 Actual			MIL	FY 2003 Estimate			MIL	FY 2004 Request		
		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 U.N. peacekeeping operations. Grant EDA contributes to regional stability by supporting the ongoing military reform efforts of the democratic Central Europe and Baltic governments. 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 U.S. with the recipient responsible for any required refurbishment and repair of the items as well as any associated transportation costs. The vast majority of EDA items are of low to medium technologies that do not present proliferation concerns.

Each grant eligible country has a justification statement providing the objective and proposed use of potential EDA within each country paper. Eligibility simply permits a nation to be considered for grant EDA and does not guarantee the transfer of any EDA, nor does it circumvent or bypass in any way the comprehensive case-by-case review each potential EDA offer receives. Furthermore, all potential EDA transfers are subject to the same Conventional Arms Transfer Policy interagency review as any other government-to-government transfer.

**Grants of Excess Defense Articles**  
**Under the Provisions of the Foreign Assistance Act**  
(\$ in thousands)

	OFFERED IN FY 2002		DELIVERED IN FY 2002	
	ACQ. VALUE	CURRENT VALUE	ACQ. VALUE	CURRENT VALUE
<b><u>AFRICA:</u></b>				
GHANA	0	0	1,900	380
SENEGAL	23,232	7,008	3,102	155
REGIONAL TOTAL	23,232	7,008	5,002	535
<b><u>EAST ASIA &amp; PACIFIC:</u></b>				
PHILIPPINES	32,287	3,799	6,713	2,806
THAILAND	381	76	380	76
REGIONAL TOTAL	32,668	3,875	7,093	2,882
<b><u>EUROPE &amp; EURASIA:</u></b>				
AZERBAIJAN	575	115	0	0
BOSNIA-HERZEGOVINA	0	0	3,691	371
ESTONIA	273	55	0	0
GEORGIA	0	0	575	230
GREECE	33,477	3,408	0	0
KAZAKHSTAN	0	0	159	56
LATVIA	36	7	0	0
LITHUANIA	477	95	0	0
POLAND	136,536	27,307	136,536	27,307
PORTUGAL	306	153	16	0
TURKEY	184,830	22,140	171,298	19,436
REGIONAL TOTAL	356,510	53,280	312,275	47,427
<b><u>NEAR EAST &amp; SOUTH ASIA:</u></b>				
BAHRAIN	41,558	11,602	2,035	203
EGYPT	0	0	77,546	10,846
ISRAEL	145,300	22,138	34,426	4,963
JORDAN	794	390	0	0
LEBANON	0	0	1,247	157
MOROCCO	15,783	4,024	29,313	4,233
SRI LANKA	0	0	13,295	5,318
TUNISIA	0	0	81,111	30,929
YEMEN	0	0	1,444	289
REGIONAL TOTAL	203,435	38,154	240,417	56,938
<b><u>WESTERN HEMISPHERE:</u></b>				
ARGENTINA	530	212	8,478	848
BOLIVIA	0	0	3,300	459
BRAZIL	2,905	1,162	923	93
COLOMBIA	33,967	3,397	2,100	2,365
DOMINICAN REPUBLIC	37,381	7,043	2,496	838
ECUADOR	952	281	165	47
EL SALVADOR	1,348	400	15,000	6,000
GUYANA	0	0	1	0
HONDURAS	47	9	0	0
MEXICO	0	0	99	5
PANAMA	47	9	15,000	6,000
PERU	878	1,125 *	0	0
URUGUAY	70	28	0	0
REGIONAL TOTAL	78,125	13,666	47,562	16,655
WORLDWIDE TOTAL	693,97	115,986	612,350	124,439

\*Current Value exceeds Acquisition Value due to a major overhaul cost being included.

NOTE: Totals may not add due to rounding.

**Sales of Excess Defense Articles  
Under Foreign Military Sales Provisions**  
(\$ in thousands)

	OFFERED IN FY 2002		DELIVERED IN FY 2002	
	ACQ. VALUE	CURRENT VALUE	ACQ. VALUE	CURRENT VALUE
<b><u>EAST ASIA &amp; PACIFIC:</u></b>				
AUSTRALIA	0	0	1,500	1,222
KOREA	75,000	11,331	0	0
NEW ZEALAND	0	0	27,666	2,767
REGIONAL TOTAL	75,000	11,331	29,166	3,989
<b><u>EUROPE &amp; EURASIA:</u></b>				
TURKEY	200,736	42,182	259	104
REGIONAL TOTAL	200,736	42,182	259	104
<b><u>NEAR EAST &amp; SOUTH ASIA:</u></b>				
ISRAEL	448	45	14	6
LEBANON	0	0	620	31
REGIONAL TOTAL	448	45	634	37
<b><u>WESTERN HEMISPHERE:</u></b>				
ARGENTINA	0	0	2,211	114
BRAZIL	0	0	1,820	364
MEXICO	0	0	38,827	3,883
REGIONAL TOTAL	0	0	42,858	4,361
<b><u>NON-REGIONAL:</u></b>				
NAMSA	2,433	486	17	3
NON-REGIONAL TOTAL	2,433	486	17	3
WORLDWIDE TOTAL	278,617	54,044	73,934	8,493

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 2002**  
(\$ in thousands)

	<b>REPLACEMENT VALUE</b>	<b>TOTAL RENTAL VALUE</b>
<b><u>East Asia &amp; Pacific:</u></b>		
Australia	9,152	1,491
Singapore	7,353	184
<b>Regional Total</b>	<b>11,016</b>	<b>2,405</b>
<b><u>Europe and Eurasia:</u></b>		
Estonia	45	0
Germany	25	3
Lithuania	49	0
Switzerland	40	5
United Kingdom	138	5
<b>Regional Total</b>	<b>297</b>	<b>13</b>
<b><u>Near East &amp; South Asia:</u></b>		
Egypt	607	8
Israel	120	4
<b>Regional Total</b>	<b>727</b>	<b>12</b>
<b>WORLDWIDE TOTAL</b>	<b>12,040</b>	<b>2,430</b>

### **Stockpiling of Defense Articles for Foreign Countries**

Section 541(b) of the Foreign Assistance Act of 1961 (FAA), as amended, establishes annual ceilings on the value of additions of defense articles located abroad that may be set aside, reserved, or otherwise earmarked from U.S. military inventories for use as War Reserves Stocks by Allies (WRSA) or other foreign countries (other than NATO). Most defense articles added to stockpiles under this ceiling will come from existing stocks.

In FY 2004, 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)

<b>Fiscal Year</b>	<b>Amount Stockpiled</b>
1976 & 1977	95,750
1977	152,000
1978	270,000
1979	90,000
1980	95,000
1981	85,000
1982	130,000
1983	125,000
1984	125,000
1985	248,000
1986	360,000
1987	125,000
1988	116,000
1989	77,000
1990	165,000
1991	378,000
1992	300,000
1993	389,000
1994	292,000
1995	250,000
1996	50,000
1997	50,000
1998	60,000
1999	340,000
2000	60,000
2001	50,000
2002	0
2003	0
2004	0

**Countries and International Organizations Eligible for Purchasing Defense Articles and Services from the United States Government**

<b>Country</b>	<b>Date of Determination</b>
<b>Africa</b>	
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
Federal Republic of Yugoslavia	January 02, 1973 Now invalid
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
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
<b>Near East</b>	
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

<b>South Asia</b>	
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
<b>Western Hemisphere</b>	
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
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**

Section 40A of the AECA, as added by PL 104-164, established an end-use monitoring program that requires, to the extent practicable, monitoring of U.S. arms transfers. This is accomplished by providing "reasonable assurance" that recipients comply with U.S. Government export control requirements regarding the use, transfer, and security of defense articles and services. This is the legal basis for DoD's end-use monitoring program called Golden Sentry.

The DoD Golden Sentry program differs from Department of State's Blue Lantern program in that the latter focuses on direct commercial sales and export licensing, whereas Golden Sentry focuses on government-to-government, "cradle to grave", i.e., shipping, receiving, use and final disposition of equipment and services.

The overall objective of the Golden Sentry program is to minimize security risks through compliance with arms transfer provisions supporting U.S. national security and foreign policy objectives. Specifically, before government-to-government shipments are made, DoD coordinates the transfer closely with the Embassy country team, appropriate regional commander-in-chief, other Government interagency offices, and with the acquiring country or international organization. Each defense item transfer must be preceded by formal agreement. Each agreement includes appropriate end-use and retransfer restrictions.

Through its enhanced end-use monitoring program, DoD applies tighter controls for more sensitive items. To help ensure proper controls are maintained, DoD manages transportation for more sensitive items to the point of physical turnover to appropriate country representatives. Physical security for transfers of arms, ammunition, and explosives are similar to those required for U.S. forces. The process for transfer of classified items include pre-release security surveys, special bilateral agreement prior to release, and follow-on surveys to verify that recipients retain appropriate item protection measures. Trust with verification and enforcement are the two essential elements of the enhanced end-use monitoring effort.

Notable EUM efforts since the last report include:

--The Defense Security Cooperation Agency (DSCA) established a formal EUM program for government-to-government transfers of defense articles and services under the name Golden Sentry. The second annual Golden Sentry EUM program policy message to the Security Assistance community was sent to Security Assistance Organizations (SAOs), setting forth Golden Sentry mission, goals and objectives.

--Recruitment to fill the first dedicated EUM billet at DSCA was completed and the billet filled in June 2002. This career civilian provides the first full-time manpower to flesh out and start implementation of the EUM program under Golden Sentry.

--DSCA continued outreach efforts to ascertain and establish relationships with those U.S. governmental agencies which can help in identifying and monitoring those defense items that incorporate sensitive technology or are particularly vulnerable to diversion or other misuse (such as reverse engineering).

--EUM activity was added to the annual SAO tasking as a separate workload measure. A detailed explanation was developed to clarify which tasks performed by SAOs should be included in the EUM category.

--Initial visits to selected Unified Commands and to foreign countries were conducted during the latter part of 2002 to educate personnel on Golden Sentry goals and objectives. Information gained from these visits was used to refine and improve Golden Sentry processes and procedures. Golden Sentry program

responsibilities policy memoranda were generated. Through fact finding and assessment visits, the Golden Sentry roles and missions guidance is being finalized.

DoD continues to monitor its transfer processes to detect and minimize any opportunities for unauthorized end-use of U.S.-origin defense articles. Over the past year, the provisions of Section 40A of the AECA have been implemented within existing personnel and resource ceilings. EUM as a whole has increased in its visibility and understanding as a potentially critical tool in support of the following objectives:

- a. To impede the access of potential adversaries to military significant items and technologies, including those that contribute to the proliferation of weapons of mass destruction.
- b. Promote a capable defense industrial base to ensure global competitiveness and continued technological advantages enjoyed by U.S. military forces over potential adversaries.
- c. Encourage foreign government support for U.S. principles, laws, regulations, and practices concerning the sale, transfer, and end-use of defense articles and services.

There is much left to accomplish; however, the momentum is positive and the EUM Golden Sentry program direction is clear: to protect key technologies and maintain our edge over those entities with interests unfriendly to those of our country.

## **End-Use Monitoring of Defense Articles and Defense Services Commercial Exports**

This report describes the actions the Department of State took in the past fiscal year under Section 40A of the Arms Export Control Act (AECA) to implement end-use monitoring of the commercial export of defense articles, services, and related technical data subject to licensing under Section 38 of the AECA. The Office of Defense Trade Controls, in the Bureau of Political-Military Affairs (PM/DTC), Department of State, is responsible for administering the International Traffic in Arms Regulations (ITAR) that implement the AECA. DTC's functions include registration of manufacturers, brokers, and exporters, licensing of commercial defense trade, overseeing company compliance with US export regulations, supporting U.S. law enforcement agencies in criminal investigations and prosecutions, and finally, the end-use monitoring of licensed transactions.

DTC currently consists of 71 full-time State Department personnel and about 30 contract personnel who ensure proper licensing and contribute to end-use monitoring efforts. DTC's operational budget for FY 2002 amounted to approximately \$9.5 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. Blue Lantern end-use checks are conducted by U.S. mission personnel abroad or in some instances DTC personnel to verify the destination and specific end-use and end-users of U.S. commercial defense exports and transfers.

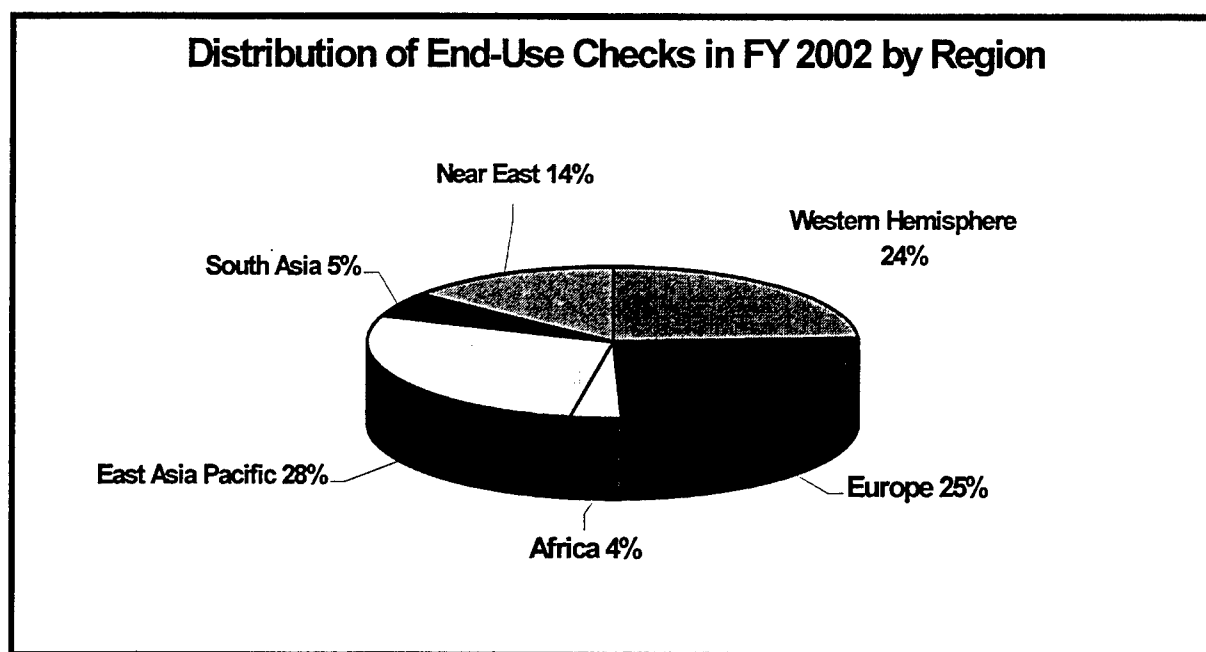
The verification of the destination and end-use of U.S. defense exports supports policy goals related to restraints placed on arms sales and facilitation of legitimate defense trade. These goals include:

- Impeding access to military items and technologies by persons and organizations who do not have the best interests of the United States or our friends and allies in mind, including those which contribute to the proliferation of weapons of mass destruction,
- Preserving continued technological advantages enjoyed by U.S. military forces and U.S. friends and allies over potential adversaries, and
- Encouraging foreign government support for U.S. principles, laws, regulations, and practices concerning the responsible sale, transfer, and end-use of defense equipment and services.

### **Results of End-Use Checks in FY 2002**

In FY 2002, DTC initiated 428 checks, exceeding last year's number of 410 checks. Blue Lantern checks performed in FY 2002 resulted in 50 unfavorable cases. A regional breakdown of the 428 checks performed follows in Table 1.

Table 1:



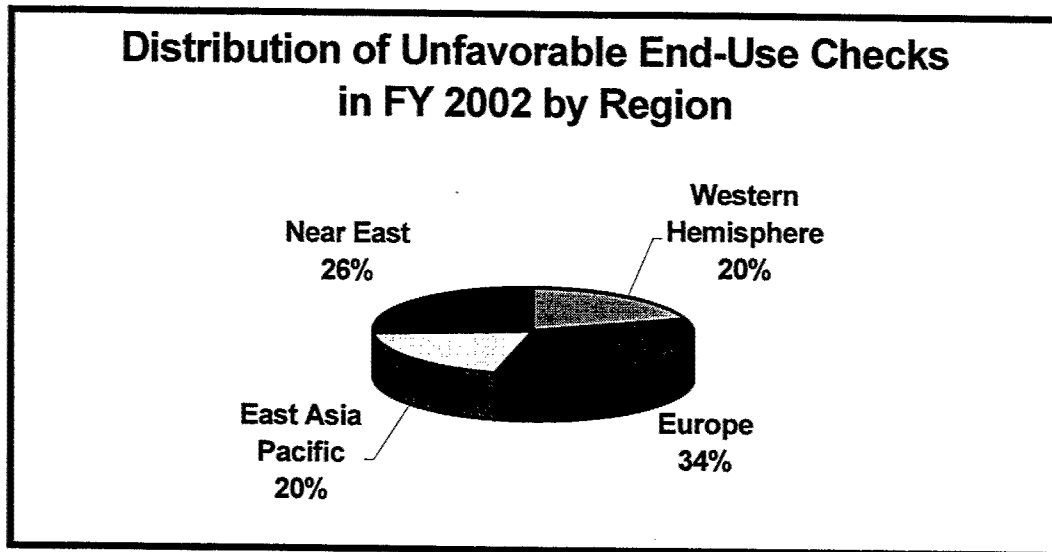
Analysis of Unfavorable Checks by Commodity:

In terms of the commodities involved in unfavorable determinations, the most prevalent are firearms and ammunition, which represented thirty-eight percent (19/50) of unfavorable cases. Twenty-four percent (12/50) involved the sale of electronics and communications equipment. Eighteen percent (9/50) of the unfavorable cases involved aircraft spare parts that were at risk of being diverted to prohibited countries (e.g. China, Iran, and Iraq). These prohibited countries actively seek these spare parts to circumvent U.S. military embargoes and to increase the operational readiness of military aircraft in their inventories. The remaining unfavorable checks involved commodities such as missiles spare parts, bombs, spare parts for tanks and military vehicles, and night vision equipment.

Analysis of Unfavorable Checks by Region:

As in previous years, the incidence of Western European-based intermediaries involved in suspicious transactions continues to be notable. In FY 2002, 26% of the 50 unfavorable checks, mostly for the export of aircraft spare parts, involved possible transshipments through allied countries. Possible transshipments through Europe as a whole accounted for 34% of the unfavorable checks (Table 2).

Table 2:



Generally, the unfavorable checks involving European companies tended to include aircraft spare parts as well as communications and electronics equipment. Unfavorable cases in Latin America involved commodities such as firearms, ammunition, and explosives. No discernable commodity trend was found in the unfavorable checks involving companies in Asia or the Near East.

Reasons for Unfavorable Checks in FY 2002:

In 34% of the unfavorable cases in FY 2002, the foreign entities involved in the proposed transactions were not legitimate entities or were otherwise found ineligible to receive the items in question. Similarly, in 22% of the unfavorable cases, the purported end-user did not order the items in question. In 8% of unfavorable cases, the foreign end-user could not adequately justify the purchase of what was deemed by DTC to be an excessive quantity of items requested.

- The following examples illustrate the effectiveness of the Blue Lantern Program in FY 2002:
- Possible diversion and misuse was precluded by a Blue Lantern pre-license check which found that the Central Asian company participating in a technical agreement was not a reliable recipient of US technical data and equipment.
- A Blue Lantern pre-license check conducted on a license for aircraft spare parts revealed that the Western European government end-user never had a contract with the intermediary listed on the license. The case is now the subject of bilateral negotiations with this country in order to shut down the operations of the intermediary.
- A pre-license check conducted on the export of aircraft spare parts to a Middle Eastern country discovered that the government end-user did not have a contract with the European intermediary involved in the transaction. The case is now the subject of a U.S. Customs investigation.

- A pre-license check conducted on the export of an excessive amount of propellants to a Latin American country revealed that the quantity of the order could not be justified by the end-user. The quantity approved was therefore reduced by a significant amount.
- A license for a significant amount of firearms was not issued due to information retrieved through a Blue Lantern pre-license check, which revealed that the company in Asia was re-exporting US –origin firearms to other countries without authorization from the Department.
- A post-shipment check for export of helicopter parts to a European country revealed that not all of the parts went to the end-user listed on the license, but to another company not authorized on the license. The case is currently under investigation.
- A pre-license check on the proposed export of M16 parts to an Asian country indicated that the company involved was not authorized to import such items. As a result, the license was not issued.

#### End-Use Monitoring and Outreach

The profile of the Blue Lantern Program has been enhanced by DTC's outreach efforts to US embassies, US exporters, and foreign governments. In FY 2002 DTC officers presented Blue Lantern briefings at various embassies in Europe in order to provide additional guidance to posts on the implementation and conduct 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. Furthermore, DTC 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. DTC plans to continue these outreach efforts in the future.

#### Compliance/Enforcement: State-U.S. Customs Service (USCS) Cooperation

State-U.S. Customs Service cooperation (USCS has the responsibility for investigating criminal violations of the AECA) also plays a vital role in tackling and inhibiting gray arms activity. In fiscal year 2002, cooperative programs between State and USCS facilitated more than 662 commercial arms seizures at U.S. ports of exit totaling more than \$65 million, a significant increase from the 325 seizures reported in FY 2001.

Effective enforcement and compliance with U.S. regulations could not be possible without the existence of cooperation between USCS and the Office 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, DTC electronically provides licensing data to all Customs Officers. This information allows for accurate, real-time monitoring by USCS officials of commercial arms moving in and out of the United States. Through the U.S. Customs Service's Operation Exodus, DTC also provides authoritative opinions, rulings, and advice on a daily basis to USCS 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 2003. The first column, entitled "Actual Deliveries (preliminary," shows the preliminary dollar value totals by destination of exports during fiscal year 2002. 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. When the Automated Export System (AES) is fully implemented and actual shipment reporting by industry becomes mandatory (expected June 2003), information that more realistically reflects "up-to-date" 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 2003 and 2004. 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 2001 amounted to \$17 billion in defense articles and \$37 billion in defense services. Not all export approvals result in signed contracts and actual exports. Key factors which 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 which 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 2002 and which had no authorized license for fiscal years 2001 and 2002 do not appear in this report.

The procedures for estimating defense commercial sales for out years (fiscal years 2003 and 2004) 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 2003) to be ten percent of the total dollar value of approved licenses for the previous two fiscal years (fiscal years 2001 and 2002). The exports for the second out year (fiscal year 2004) are estimated to be fifty percent of those for fiscal year 2002.

**Commercial Exports Licensed or Approved Under the AECA**  
(\$ in thousands)

	<b>FY 2002 Actual (Preliminary)</b>	<b>FY 2003 Estimated deliveries</b>	<b>FY 2004</b>
<b>Africa</b>			
Angola	0	614	2,157
Benin	0	7	33
Botswana	785	2,096	8,130
Burkina Faso	0	0	0
Burundi	0	0	0
Cameroon	0	90	75
Cape Verde	0	0	0
Chad	0	0	0
Comoros	0	60	0
Congo	0	60	0
Cote D'Ivoire	0	57	283
Djibouti	0	1,044	5,000
Eritrea	0	18	91
Ethiopia	0	241	921
Gabon	8	118	3
Ghana	0	29	52
Guinea	0	189	945
Kenya	0	629	2,703
Madagascar	0	0	0
Mali	0	0	0
Mauritania	0	1	0
Mauritius	0	25	122
Mongolia	0	861	4,303
Mozambique	0	0	0
Namibia	0	32	93
Niger	0	0	0
Nigeria	8	4,169	8,251
Reunion	0	0	0
Senegal	0	123	600
Somalia	0	0	0
South Africa	22	33,116	146,395
Tanzania	0	131	324
Togo	0	0	0
Uganda	0	1	4
Zambia	0	139	338
Zimbabwe	0	0	0
<b>East Asia &amp; Pacific</b>			
Australia	3,429	113,693	313,609
Brunei	0	1,125	3,411



Burma	0	0	0
Cambodia	0	0	0
China	0	14	71
Fiji	0	0	0
French Polynesia	0	170	1
Hong Kong	384	10,224	49,981
Indonesia	20	6,852	24,561
Japan	29,788	2,134,930	4,846,959
Kiribati	0	838	4,189
Laos	0	0	0
Macau	0	0	0
Malaysia	764	75,853	48,986
Marshall Island	0	150	0
Micronesia	0	1	5
Nauru	0	0	0
New Caledonia	0	47	167
New Zealand	45	39,768	136,959
Papua New Guinea	0	7	30
Philippines	292	9,193	11,611
Singapore	1,394	167,084	469,734
Solomon Islands	0	0	0
South Korea	18,024	179,987	377,707
Taiwan	134,864	200,000	200,000
Thailand	1,813	17,516	56,208
Tonga	0	31	0
Vietnam	0	0	0
<b>East Asia &amp; Pacific Totals :</b>	<b>190,817</b>	<b>2,957,483</b>	<b>6,544,189</b>

#### Europe and Eurasia

Albania	0	451	2,205
Andorra	0	13	27
Austria	57	19,065	5,941
Azerbaijan	0	0	0
Belarus	0	0	0
Belgium	19	24,387	37,772
Bosnia Herzegovina	0	747	2,725
Bulgaria	0	1,462	6,630
Croatia	10	9,537	44,256
Cyprus	0	3	7
Czech Republic	11,052	2,927	8,538
Denmark	50	18,555	43,561
Estonia	3	1,268	6,341
Falkland Islands	0	50	0
Faroe Islands	0	0	2
Finland	60	8,465	30,460
France	12,597	180,003	536,873
Georgia	0	724	1,729
Germany	17,543	302,962	558,886
Gibraltar	0	0	0
Greece	56	78,037	236,507

Greenland	0	89	0
Hungary	0	1,829	2,820
Iceland	0	101	179
Ireland	0	4,260	13,749
Italy	3,682	131,970	298,401
Kazakhstan	0	31,129	283
Kyrgyzstan	0	29	0
Latvia	0	449	977
Liechtenstein	0	9	43
Lithuania	0	1,208	6,040
Luxembourg	0	28,454	86,271
Macedonia	0	915	2,251
Malta	0	0	0
Moldova	0	113	545
Monaco	0	0	2
Netherlands	3,885	76,395	119,084
Norway	868	28,754	90,092
Poland	32	5,800	13,294
Portugal	374	10,555	4,249
Romania	143	3,349	5,795
Russia	0	9,823	7,963
San Marino	0	0	0
Slovakia	0	283	431
Slovenia	0	1,897	7,250
Spain	1,131	85,908	171,370
Sweden	6,249	72,006	194,585
Switzerland	1,047	26,608	53,795
Turkey	17,227	144,343	169,884
Turkmenistan	0	0	0
Ukraine	0	52	50
United Kingdom	18,905	1,154,020	2,658,734
Uzbekistan	0	507	323
Yugoslavia	0	0	0
<b>Europe and Eurasia Totals :</b>	<b>94,990</b>	<b>2,469,511</b>	<b>5,430,920</b>
<b>Near East</b>			
Algeria	0	20,077	18,887
Bahrain	11	3,497	15,107
Egypt	42	81,853	278,359
Israel	1,427	246,687	686,177
Jordan	24	7,115	29,268
Kuwait	68	10,432	37,529
Lebanon	0	623	3,023
Maldives	0	18	19
Morocco	180	5,566	13,508
Oman	2	2,633	8,687
Qatar	0	322	895
Saudi Arabia	530	41,700	54,473
Tunisia	190	1,517	4,676
United Arab Emirates	3,979	23,669	56,652

Yemen	1	356	753
<b>Near East Totals :</b>	<b>6,454</b>	<b>446,065</b>	<b>1,208,013</b>
<b>Non-Regional</b>			
Classified Totals	25,157	1,000,000	1,000,000
International Org.	295	282,770	771,675
<b>Non-Regional Totals :</b>	<b>25,452</b>	<b>1,282,770</b>	<b>1,771,675</b>
<b>South Asia</b>			
Afghanistan	0	808	4,040
Bangladesh	0	1,372	5,978
Bhutan	0	1	5
Diego Garcia	0	65	323
India	0	4,868	24,340
Nepal	0	460	2,157
Pakistan	0	548	2,741
Sri Lanka	6	2,084	4,112
<b>South Asia Totals :</b>	<b>6</b>	<b>10,206</b>	<b>43,696</b>
<b>Western Hemisphere</b>			
Anguilla	2	0	0
Antigua-Barbuda	0	6	23
Argentina	48	30,169	11,835
Aruba	0	22	86
Bahamas	0	24	100
Barbados	0	1,066	5,160
Belize	41	260	1,161
Bermuda	0	1	1
Boliva	3	385	411
Brazil	1,273	18,224	45,838
British Virgin Islands	0	0	0
Canada	7,805	266,703	943,877
Cayman Islands	0	33,789	168,901
Chile	1,175	7,719	28,828
Colombia	20	14,939	36,158
Costa Rica	0	2,427	11,016
Dominica	0	6	12
Dominican Republic	0	9,219	35,842
Ecuador	98	4,727	14,128
El Salvador	0	1,342	4,141
French Guiana	0	76,530	18,829
Grenada	0	19	1
Guadeloupe	0	0	0
Guatemala	0	780	716
Guyana	0	765	3,639
Haiti	0	6	20
Honduras	7	1,046	3,535
Jamaica	0	1,070	4,223
Martinique	0	38	0
Mexico	10,963	42,527	153,046
Netherlands Antilles	629	213	732

Nicaragua	0	134	215
Panama	17	20,673	102,997
Paraguay	0	1	5
Peru	0	2,644	1,489
St Kitts And Nevis	0	1,801	9,002
St Lucia	0	31	48
St Vincent & Grenadines	0	9	2
Suriname	0	41	46
Trinidad & Tobago	0	538	2,412
Turks & Caicos Islands	0	3	14
Uruguay	1	898	2,230
Venezuela	227	45,635	57,106
<b>Western Hemisphere Totals : 22,309</b>		<b>586,430</b>	<b>1,667,825</b>
<b>Grand Totals :</b>	<b>340,851</b>	<b>7,796,315</b>	<b>16,847,141</b>

**Foreign Military Financing Grants (11-1082)**  
(\$ in millions)

	Actual FY 2002	Estimated FY 2003	Proposed FY 2004
Appropriated Funds			
Egypt Grant	1,300.000	1,300.000	1,300.000
Israel Grant	2,040.000	2,100.000	2,160.000
Jordan Grant	75.000	198.000	206.000
Other Countries Grants	200.000	472.200	707.500
Administrative Costs	35.000	37.000	40.500
Total FMF Appropriation	3,650.000	4,107.200	4,414.000
Other Country Grants Funded by Excess MAP Collections	0.256		
Plus: Supplemental	387.000		
Less: Supplemental reduced per P.L. 107-206	-30.000		
Plus: Prior Year Unobligated Balance Transferred from the Emergency Response Fund for Other Country FMF Grants (Turkey and Uzbekistan)	45.000		
Plus: Resources available from prior year deobligations	4.500		
Total Budgetary Resources Available for Obligation	4,056.756	4,107.200	4,414.000
Less: Unobligated funds carried forward to next fiscal year from 2002 supplemental	-307.500		
Plus: 2002 unobligated supplemental funds carried forward to and obligated in 2003		307.500	
Less: Unobligated balances for administrative costs expiring	-0.088		
Total FMF obligations	3,749.168	4,414.700	4,414.000
Total FMF Outlays (Net)	4,403.131	4,552.113	4,287.366

**Foreign Military Financing Program Account (11-1085)**  
(\$ in millions)

	<b>Actual FY 2002</b>	<b>Estimated FY 2003</b>	<b>Proposed FY 2004</b>
Budget Authority			
Direct Loan Subsidy Appropriation	0.000	0.000	0.000
Subsidy Re-estimates	166.103	0.000	0.000
Total Budget Authority	<u>166.103</u>	<u>0.000</u>	<u>0.000</u>
Total Obligations	166.103	0.000	0.000
Outlays (Net)	210.984	6.951	0.000

**Foreign Military Loan Liquidating Account (11X4121)**  
(\$ in millions)

	<b>Actual FY 2002</b>	<b>Estimated FY 2003</b>	<b>Proposed FY 2004</b>
Budget Authority for Guarantee Claims:			
Permanent Indefinite Authority	27.000	25.500	40.000
Collections of Guarantee Claims	37.679	14.328	27.714
Total Budget Authority	<u>64.679</u>	<u>39.828</u>	<u>67.614</u>
Total Obligations and Disbursements for Guaranteed Claims	64.679	39.828	67.714
Offsetting Collections			
Repayment of Direct Loans	-362.206	-194.679	-131.249
Repayment of FFB Loans	-234.144	-234.075	-223.494
Purchase of Loans from the Military Debt Reduction Account (11X4174)	0.000	30.833	0.000
Total Offsetting Collections	<u>-596.350</u>	<u>-459.587</u>	<u>-354.743</u>
Outlays (Net)	-531.671	-419.759	-287.029

**Direct Loan Financing Account (11X4122)**  
(\$ in millions)

	Actual FY 2002	Estimated FY 2003	Proposed FY 2004
Budget Authority and Obligations			
Direct Loans	0.000	3,800.000	0.000
Interest on Treasury Borrowing	117.114	87.857	74.779
Downward Subsidy Re-estimate	16.419	397.451	0.000
Interest on Downward Re-estimate	0.000	124.988	0.000
Total Budget Authority and Obligations	133.533	4,410.296	74.779
Disbursements	470.774	666.625	74.779
Offsetting Collections:			
Collections from Loan Subsidy Account	-44.881	-6.951	0.000
Collection for Upward Subsidy Re-estimate	-166.103	0.000	0.000
Interest on Uninvested Funds - Treasury	-31.008	0.000	0.000
Fees from Country	0.000	-200.00	0.000
Loan Repayments from Country	-569.294	-605.180	-559.987
Total Offsetting Collections	-811.286	-812.131	-559.987
Outlays (Net)	-340.512	-145.506	-485.208

**Military Debt Reduction Financing Account (11X4174)**  
(\$ in millions)

	Actual FY 2002	Estimated FY 2003	Proposed FY 2004
Budget Authority and Obligations			
Loan Purchase from Liquidating Acct	0.000	30.883	0.000
Interest on Debt to Treasury	0.089	.0868	1.025
Downward Subsidy Re-estimate	0.008	0.000	0.000
Total Budget Authority and Obligations	0.097	31.751	1.025
Disbursements	0.097	31.751	1.025
Offsetting Collections:			
Collections from Loan Subsidy Account	0.000	0.000	0.000
Collection on Upward Subsidy Re-estimate	0.000	-1.506	-32.776
Interest on Uninvested Funds	-0.018	0.000	0.000
Loan Repayments from Country	0.450	0.000	0.000
Total Offsetting Collections	0.432	-1.506	-32.776
Outlays (Net)	0.529	30.245	-31.751

**International Military Education & Training Program (11-1081)**  
(\$ in millions)

	<b>Actual FY 2002</b>	<b>Estimated FY 2003</b>	<b>Proposed FY 2004</b>
Appropriation	70.000	80.000	91.700
Recession	0.000	0.000	0.000
Unobligated funds carried forward from previous year - available for obligation	3.586	2.122	0.000
Total budgetary resources available for obligation	<u>73.586</u>	<u>82.122</u>	<u>91.700</u>
Total budgetary resources available for obligation	73.586	82.122	91.700
Current Year Obligations	<u>72.783</u>	<u>82.122</u>	<u>91.700</u>
Unobligated balance of new authority carried forward for new obligations:	.980 (a)	0.000	0.000
Prior Year downward obligation adjustments carried forward and available for new obligations	<u>1.142</u>	<u>0.000</u>	<u>0.000</u>
Total unobligated balance carried forward and available for new obligations	<u>2.122</u>	<u>0.000</u>	<u>0.000</u>
Prior year downward obligation adjustments not available for new obligations	.895	0.000	0.000
Net Outlays	59.067	76.040	86.409

(a) Includes an additional amount of \$.177M of "X" year downward obligation adjustments carried forward and available for new obligations.



**Special Defense Acquisition Fund (11X4116)**  
(\$ in millions)

	Actual FY 2002	Estimated FY 2003	Proposed FY 2004
Purchases of Equipment (Obligations)	0.000	0.000	0.000
Gross Budget Authority (a)	0.000	0.000	0.000
Offsetting Collections	-2.073	0.000	0.000
Net Budget Authority	-2.073	0.000	0.000
Financing Disbursements	-1.517	5.000	3.000
Offsetting Collections	-2.073	0.000	0.000
Net Outlays	-3.580	5.000	3.000
Return of Unobligated Balances to the Treasury due to Program Cancellation	10.000	10.000	10.000
(Excess Unobligated Balance) to Treasury account 1614, "Other Earnings from Business Operations and Revolving Funds"			

(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		
2004	4,414.000	4,414.000				

NOTE: Military Assistance Program included Foreign Military Sales Financing program prior to FY 1969.

(a) Includes \$500M for Israel authorized by P.L. 91-441 and appropriated by P.L. 91-665.

(b) CRA limitation.

(c) Includes \$2,200M for Emergency Security Assistance requested, authorized and appropriated for Israel.

(d) Includes transitional quarter (FY 197T).

(e) Includes \$2,200M supplemental program for Israel and a \$1,500M supplemental program for Egypt.

(f) Includes a \$10M amendment for Sudan and \$15M for Oman.

(g) Includes \$200M proposed budget amendment for Egypt.

(h) Reflects the amended budget request but not the supplemental budget request for program increase of \$525M for guarantee loans.

- (i) Authorization waived in Continuing Resolution Authority (P.L. 98-473 for FY 1985, and P.L. 99-500 for FY 1987).
- (j) Reflects amounts appropriated under P.L. 99-190 (final CRA). Pursuant to P.L. 99-177 (Gramm-Rudman-Hollings), \$223.17M not available for obligation.
- (k) Includes a supplemental request of \$200M.
- (l) Includes \$4,040.441 authorized by P.L. 99-500 CRA limitation and \$13.000 authorized by P.L. 100-71.
- (m) Authorization waived in Continuing Resolution (P.L. 100-202).
- (n) P.L. 100-202 appropriated \$4,049M for FY 1988. Also included in the law was a \$32M rescission applicable to the FY 1985 and FY 1986 appropriation resulting in an adjusted appropriation of \$4,017M, as shown in the FY 1989 President's Budget.
- (o) Authorization waived in P.L. 100-461.
- (p) Authorization waived in P.L. 101-167.
- (q) Congress appropriated \$4,828.403M which was reduced by .43% for use in the control of illicit drugs. In addition, \$20M was transferred into the FMF account from the DOD budget (P.L. 101-165) resulting in \$4,827.641M available to the FMF program.
- (r) Authorization waived in P.L. 101-513.
- (s) P.L. 101-513 appropriated \$5,066.921M for FY 1991. Section 401(a) of P.L. 102-27 subsequently reduced that amount to \$4,663.421M.
- (t) Authorization waived in P.L. 102-109, P.L. 102-145, and P.L. 102-266.
- (u) P.L. 102-266 appropriated \$4,100M for FY 1992, reduced the amount appropriated by \$60.602M and provided for the transfer of \$63.75M of funds appropriated to the Demobilization and Transition Fund. P.L. 102-298 rescinded an additional \$47.100 of the FY 1992 appropriation for a net appropriation of \$3,928.548M.
- (v) Authorization waived in P.L. 102-391.
- (w) P.L. 102-391 appropriated \$3,300M for FY 1993, rescinded \$25.586M of prior year balance, and provided for the transfer of \$29M to the Demobilization and Transition Fund for a net budget authority of \$3,245.414M.
- (x) P.L. 103-87 appropriated \$3,149.279M, including deobligation/reobligation authority. The authorization was waived. During FY 1994, an Emergency Supplemental Appropriations Act was passed (P.L. 103-211) and it rescinded \$91.282M of FY 1993 and prior year balances. Subsequently, an additional \$5.6M was transferred to the IMET and Economic Support Fund accounts leaving a net appropriation of \$3,052.397M.
- (y) P.L. 103-306 appropriated \$3,151.279M for FY 1995. The Authorization was waived.
- (z) P.L. 104-107 appropriated \$3,208.390M for FY 1996. The Authorization was waived.
- (A) Pending FY 1996 FMF supplemental request of \$140M supports Jordan F-16 program; P.L. Appropriated \$70M for FY 1996. The Authorization was waived.
- (B) P.L. 104-208 appropriated \$3,224M for FY 1997. The Authorization was waived.
- (C) P.L. 105-118 appropriated \$3,296.55M for FY 1998. The Authorization was waived.
- (D) P.L. 105-277 appropriated \$3,380M for FY 1999 FMF Grants. The Authorization was waived.
- (E) P.L. 106-113 appropriated \$4,788.994M for FY 2000 FMF Grants. The Authorization was waived.
- (F) P.L. 106-429 appropriated \$3,576M for FY 2001 FMF Grants. P.L. 106-554 rescinded \$7.867M of the FMF appropriation.
- (G) 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.
- (I) P.L. 107-206 appropriated \$357M for FY 2002 Supplemental FMF Grants. The Authorization was waived.

**Foreign Military Financing**  
**Direct Loan Financing Account – Total Program (11X4122)**  
(\$ in millions)

<b>Fiscal Year</b>	<b>Branch Request</b>	<b>Financing Authority</b>
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	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)

**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

- (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	70.000	65.000	70.000 (S)
2003	80.000	85.000	(T)
2004	91.700		

**NOTE:**

- (1) The Military Assistance Program included International Military Education and Training Program prior to FY1976.
- (2) The Administration has not proposed Military Assistance Programs subsequent to FY 1990.
- (a) The Mutual Security Act of 1959, P.L. 86-108, approved July 24, 1959, states "There is hereby authorized to be appropriated to the President for the fiscal year 1961 and 1962 such sums as may be necessary from time to time to carry out the purpose of this chapter, which sums shall remain available until expended."
- (b) Foreign Assistance Act of 1961 authorized \$1,700M; no executive branch request for authorization was required.
- (c) Does not include MAP drawdowns of \$75M in FY 1965 and \$300M in FY 1966, or Section 506(a) drawdowns of \$1M in FY 1980; \$26M in FY 1981; \$55M in FY 1982; \$25M in FY 1983; \$40M in FY 1986; and \$25M in FY 1987.
- (d) CRA limitation.
- (e) Includes funds requested separately for proposed International Military Education and Training Program finally authorized and appropriated as part of the Military Assistance Program. Does not

include \$2,500M for Section 506 drawdown authority.

- (f) Includes \$5M transferred to AID.
- (g) Does not include \$75M for Section 506 drawdown authority.
- (h) Includes transitional quarter FY197T.
- (i) Does not include \$275M for Section 506 drawdown authority.
- (j) Includes \$40.2M subsequently rescinded.
- (k) Includes a \$50M supplemental for Turkey.
- (l) Includes a \$1.7M Senate supplemental for Sudan.
- (m) Does not include \$7.1M reimbursement for Section 506 drawdown authority.
- (n) Reflects the amended budget request but not the \$187M supplemental budget request.
- (o) Reflects initial budget request; excludes \$1M supplemental request.
- (p) Reflects initial budget request; excludes \$259.05M supplemental request for Central America.
- (q) Includes supplemental appropriation of \$201.75M for Central America.
- (r) Authorization waived in Continuing Resolution (P.L. 98-473).
- (s) Reflects amounts appropriated under P.L. 99-190 (final CRA). Pursuant to P.L. 99-177 (Gramm-Rudman-Hollings) \$33.626M of MAP and \$2.343M of IMET are not available for obligation.
- (t) Includes supplemental appropriation of \$50M for the Republic of the Philippines.
- (u) Includes a supplemental request of \$261M.
- (v) Authorization waived in Continuing Resolution (P.L. 100-202).
- (w) Authorization waived in P.L. 100-461.
- (x) P.L. 101-45 transferred \$2M to contributions for international peacekeeping activities (Budget Account 19-9-1124).
- (y) Authorization waived in P.L. 101-167.
- (z) Administrative costs formerly designated as MAP General Costs (1080 account) are included in the Foreign Military Financing Appropriation (1082 account) effective 1 October 1989.
- (A) Congress appropriated \$47.4M which was reduced by .43% for use in the control of illicit drugs, resulting in \$47.196M available to the IMET program.
- (B) Authorization waived in P.L. 101-513.
- (C) Authorization waived in P.L. 102-109 and P.L. 102-145.
- (D) P.L. 102-298 rescinded \$6.75M of prior year balances and \$5.76M of previously disbursed amounts.
- (E) P.L. 102-298 rescinded \$20.164M of prior year balances.
- (F) During FY 1994, P.L. 103-211, the FY 1994 Emergency Supplemental Appropriations Act, rescinded \$.439M of prior year appropriations.
- (G) P.L. 102-266 appropriated \$47.196M for FY 1992. P.L. 102-298 rescinded \$1.925M and P.L. 102-381 reduced it an additional \$.698M for a net availability of \$44.573M.
- (H) Authorization waived in P.L. 102-391.
- (I) P.L. 102-391 appropriated \$42.5M for FY 1993.
- (J) P.L. 103-87 appropriated \$21.25M for FY 1994. The Authorization was waived. During FY 1994, an additional \$1.M was transferred into IMET from FMF making a total of \$22.25M of appropriated funds available.
- (K) P.L. 103-306 appropriated \$25.5M for FY 1995. The Authorization was waived. Subsequent to the release of the President's FY 1996 Budget, \$.85M was transferred out of the PKO account and into the IMET account (\$.35M for Botswana and \$.5M for Senegal) to enhance PKO training.
- (L) MAP funds were cancelled in FY 1995 due to "M" year legislation. No new authorizations will be enacted for this account.
- (M) P.L. 104-107 appropriated \$39M for FY 1996. The Authorization was waived.
- (N) P.L. 104-208 appropriated \$43.475M for FY 1997. The Authorization was waived.
- (O) P.L. 105-118 appropriated \$50M for FY 1998. The Authorization was waived.
- (P) P.L. 105-277 appropriated \$50M for FY 1999. The Authorization was waived. P.L. 106-51 rescinded \$.041M. 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-

**Peacekeeping Operations**  
(\\$ in millions)

Fiscal Year	Request	Authorized	Appropriated
1979	(a)	30.900	27.400
1980	(a)	21.100	22.000 (b)
1981	25.000	25.000	25.000 (c)
1982	19.000	19.000	14.000 (d)
1983	43.474	19.000	31.100 (c)
1984	46.200	46.200	46.200 (c)
1985	49.000	(e)	44.000 (c)
1986	37.000	37.000	34.000 (f)
1987	39.000	37.000	31.689
1988	46.311	31.689	31.689
1989	41.689 (g)	41.689	41.689
1990	33.377	32.773	32.773
1991	32.800	32.800	32.800
1992	378.000 (h)	28.000	28.000 (c)
1993	27.166	27.166	27.166
1994	77.166	82.435 (i)	82.435 (i)
1995	75.000	75.000	75.000 (j)
1996	100.000	70.000	70.000
1997	70.000	65.000	65.000
1998	90.000	77.500	77.500
1999	83.000	76.500	76.500
2000	130.000	152.418	152.418 (k)
2001	134.000	127.000 (l)	126.382 (m)
2002	150.000	135.000	135.000
2003	108.250		
2004	94.900		

- (a) Executive Branch request included ESF and PKO in one account—Security Supporting Assistance (SSA).
- (b) CRA limitation (P.L. 96-123).
- (c) CRA limitation.
- (d) In addition, \$125M appropriated under CRA (P.L. 97-51) and authorized by P.L. 97-132 for the Multinational Force and Observers.
- (e) Authorization waived in Continuing Resolution (P.L. 98-473).
- (f) Reflects amount appropriated under P.L. 99-190 (final CRA). Pursuant to P.L. 99-177 (Gramm-Rudman-Hollings), \$1.462M of this amount is not available for obligation.
- (g) Includes \$10M transfer from DOD allocated to Department of State pursuant to P.L. 101-45 used for UN mineclearing operations in Afghanistan.
- (h) Reflects an amendment to the FY 1992 budget to provide the United States' share to initiate UN Peacekeeping activities in Cambodia and El Salvador, and for other peacekeeping requirements.
- (i) Includes appropriation of \$75.623M plus \$6.812M transferred from other accounts.
- (j) The President's FY 1996 Budget shows PKO Budget Authority of \$75M in FY 1995. Subsequent to the release of the President's Budget, \$.85M was transferred out of the PKO account and into the IMET account (\$.35M for Botswana and \$.5M for Senegal) to enhance PKO training.

- (k) Includes \$2.466M transferred to IO&P account for KEDO. Does not reflect \$.582M rescission under the Consolidated Appropriations Act, 2001 (P.L. 106-554).
- (l) Authorization waived according to Section 525, Foreign Operations, Export Financing, and Related Appropriations Act 2001, (P.L. 106-429).
- (m) Reflects rescission of the Consolidated Appropriations Act, 2001 (P.L. 106-554) and includes \$2.279M UN reimbursement.

**Foreign Military Loan Liquidating Account (11X4121)**  
**(Formerly Guaranty Reserve Fund)**  
(\$ in millions)

Borrowing Authority – Permanent Indefinite Appropriation (a)

Fiscal Year	Request	Appropriated	Actual	Estimated
1985	274.000	109.000	0.000	
1988	0.000	532.000	0.000	
1989	0.000	0.000	452.065	
1990	0.000	0.000	731.510	
1991	0.000	0.000	127.014	
1992	0.000	0.000	0.000	
1993	0.000	0.000	62.678	
1994	0.000	0.000	49.608	
1995	0.000	0.000	39.300	
1996	0.000	0.000	23.577	
1997	10.599	0.000	16.500	
1998	28.000	0.000	28.000	
1999	31.000	0.000	37.500	
2000	35.000	0.000	38.000	
2001	31.000	0.000	58.000	
2002	27.000	0.000	27.000	
2003	25.500	0.000	25.500	
2004	40.000			40.000

- (a) Use of borrowing from U.S. Treasury under authority of P.L. 100-202 in FY 1989, P.L. 101-167 in FY 1990, and P.L. 101-513 in FY 1991. Use of permanent indefinite appropriation authority in FY 1993 through FY 2001.

**Economic Support Fund**  
(\$ in millions)

Fiscal Year	Request	Authorized	Appropriated
1964	435.000	380.000	330.000
1965	405.000	405.000	401.000
1966	764.000	684.000	684.000
1967	750.000	715.000	690.000
1968	720.000	660.000	600.000
1969	595.000	410.000	365.000
1970	515.000	414.600	395.000
1971	600.000	414.600	414.600
1972	800.000	618.000	550.000
1973	848.800	(a)	600.000 (a)
1974	732.000	629.000	611.500
1975	1,425.300	1,377.000	1,200.000
1976	1,923.300	1,856.200	1,739.900
1977	50.200	464.100 (b)	279.700 (b)
1977	1,893.500	1,895.000	1,757.700
1978	2,232.200	2,235.000 (c)	2,219.300 (c)
1979	2,204.400 (d)(e)	2,202.000	2,282.000
1980	2,115.100 (e)(f)	1,935.000	1,946.000 (g)
1981	2,030.500	2,065.300	2,104.500 (g)
1982	2,931.500	2,973.500	2,926.000
1983	2,886.000 (h)	2,873.500	2,962.250 (g)
1984	2,949.000 (i)	3,074.000	3,254.250 (g)(j)
1985	3,438.100	(k)	6,084.000 (l)
1986	4,024.000	3,800.000	3,800.000 (m)(n)
1987	4,390.800 (o)	(p)	3,600.000 (q)
1988	3,600.000 (r)	(p)	3,200.820 (r)
1989	3,281.000 (r)	(p)	3,258.500
1990	3,849.100 (s)	(p)	3,916.510 (t)
1991	3,358.000 (u)	(p)	3,175.000 (v)
1992	3,240.000 (w)	(p)	3,216.624 (g)
1993	3,123.000 (x)	(p)	2,670.000
1994	2,582.000	(p)	2,364.562
1995	2,434.500 (y)	(p)	2,368.600
1996	2,494.300 (z)	(p)	2,359.600
1997	2,408.000	(p)	2,362.600
1998	2,497.600	(p)	2,419.600
1999	2,513.600 (aa)	(p)	2,592.831 (bb)
2000	2,543.000 (cc)	(p)	2,782.187 (dd)
2001	2,363.000	(p)	2,314.896 (ee)
2002	2,289.000	(p)	2,824.000 (ff)
2003	2,490.000	(p)	(gg)
2004	2,535.000		

- (a) CRA level - \$618M. There was no authorization level in FY 1973.
- (b) Section 506 of the International Security Assistance and Arms Control Act of 1976, P.L. 94-329, quarter not to exceed one-fourth of the total amount authorized in that Act for FY 1976.
- (c) Includes \$300M for Portugal; also \$20M for Lebanon, authorized as Disaster Assistance, but appropriated in the Security Support Assistance (SSA) account.
- (d) Includes a \$300M supplemental for Egypt and \$100M for Turkey.
- (e) Executive Branch request included ESF and PKO in one account—Security Supporting Assistance (SSA).
- (f) Includes an \$80M supplemental for Central America.
- (g) CRA limitation.
- (h) Reflects initial budget request. Does not include the \$294.5M supplemental budget request.
- (i) Reflects initial budget request. Does not include the \$340.5M supplemental appropriation for Central America or the \$10M for Poland.
- (j) Includes supplemental appropriation (P.L. 98-332).
- (k) Authorization waived in Continuing Resolution Authority (P.L. 98-473 for FY 1985, and P.L. 99-500 for FY 1987).
- (l) Includes FY 1985 Supplemental of \$2,258M.
- (m) Reflects amounts appropriated under P.L. 99-190 (final CRA). Pursuant to P.L. 99-177 (Gramm-Rudman-Hollings), \$159.358M not available for obligation.
- (n) Includes \$100M supplemental for the Republic of the Philippines.
- (o) Includes a supplemental request of \$297M.
- (p) Authorization waived.
- (q) Includes \$50M deobligation/reobligation reappropriation.
- (r) Includes \$12.5M deobligation reobligation reappropriation estimate.
- (s) Includes \$18M deobligation/reobligation reappropriation estimate and a \$500M supplemental for Panama.
- (t) Includes \$20M for Ireland (less \$.145M sequestration pursuant to P.L. 99-177), minus \$50M pursuant to P.L. 101-167 and \$755M supplemental (P.L. 101-302) for Panama, Nicaragua, Namibia, and South Africa.
- (u) Includes \$14M reappropriation estimate.
- (v) Includes \$14M reappropriation estimate and \$30.2M transferred to other accounts. Includes \$20M for Ireland.
- (w) Includes \$12M reappropriation estimate.
- (x) Includes \$11M reappropriation estimate.
- (y) In 1995, the President's Budget did not request Economic Support Funds *per se*, but instead requested \$2,434M in democracy and peace activities.
- (z) The FY 1996 President's Budget includes a supplemental FY 1995 request of \$82.3M.
- (aa) Includes supplemental requests of \$200M for West Bank/Gaza; \$50M for Jordan-Wye; \$105M for Kosovo.
- (bb) Net of rescission enacted by the Emergency Steel Loan Guarantee and Emergency Oil and Gas Guarantee Act of 1999 (P.L. 106-51). Net of rescission and inclusive of supplemental funding for emergency security, Kosovo, and Jordan enacted under the 1999 emergency supplemental appropriations acts.
- (cc) Includes \$150M supplemental request for Wye River Agreement.
- (dd) Net of .38% rescission of Miscellaneous Appropriations Act enacted by reference in P.L. 106-113. Also reflects rescission of \$10M pursuant to P.L. 107-20.
- (ee) Net of rescission of Consolidated Appropriations Act, 2001 (P.L. 106-554)
- (ff) Includes \$600M appropriated under P.L. 107-38, the Emergency Response Fund
- (gg) An appropriations bill was not enacted as of the time of publication.

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(\$ in thousands)

Countries/Accounts	CSH	DA	ESF	FMF	FSA	IMET	INCLE	MRA	NADR	Peace Corps	PKO	SEED	Other	Total	P.L.480
<b>Africa</b>															
Africa Crisis Response Training	-	-	-	-	-	-	-	-	-	-	15,000	-	-	15,000	-
Africa Regional	44,233	63,660	-	-	-	-	7,500	-	-	-	-	-	-	115,393	46,394
Africa Regional Fund	-	-	49,000	-	-	-	-	-	-	-	-	-	-	49,000	-
Africa Regional Peacekeeping	-	-	-	-	-	-	-	-	-	-	39,905	-	-	39,905	-
African Development Bank	-	-	-	-	-	-	-	-	-	-	-	-	5,100	5,100	-
African Development Foundation	-	-	-	-	-	-	-	-	-	-	-	-	16,542	16,542	-
African Development Fund	-	-	-	-	-	-	-	-	-	-	-	-	100,000	100,000	-
Agriculture Initiative	-	5,000	-	-	-	-	-	-	-	-	-	-	-	5,000	-
Angola	6,056	5,118	-	-	-	-	-	-	2,870	-	-	-	-	14,044	31,616
Anti-Corruption Initiative	-	300	-	-	-	-	-	-	-	-	-	-	-	300	-
ATA Regional - Africa	-	-	-	-	-	-	-	-	2,639	-	-	-	-	2,639	-
Benin	7,743	8,982	-	-	-	502	-	-	-	2,280	-	-	-	19,507	4,687
Botswana	-	-	-	1,000	-	692	-	-	-	215	-	-	-	1,907	-
Burkina Faso	-	-	-	-	-	-	-	-	-	1,824	-	-	-	1,824	10,345
Burundi	400	4,200	-	-	-	-	-	-	-	-	-	-	-	4,600	2,496
Cameroon	-	-	-	-	-	193	-	-	-	2,861	-	-	-	3,054	284
Cape Verde	-	-	-	-	-	146	-	-	-	1,258	-	-	-	1,404	3,774
Central African Republic	-	-	-	-	-	128	-	-	-	-	128	-	-	128	760
Chad	-	-	-	-	-	216	-	-	350	-	-	-	-	566	3,743
Cote d'Ivoire	-	-	-	-	-	-	-	-	-	2,952	-	-	-	2,952	-
Countries in Transition	-	-	40,000	-	-	-	-	-	-	-	-	-	-	40,000	-
Democratic Republic of Congo	21,178	4,773	-	-	-	-	-	-	-	-	-	-	-	25,951	11,555
Djibouti	-	-	-	1,500	-	163	-	-	404	-	-	-	-	2,067	1,059
Education for Development and Democracy	-	5,000	15,000	-	-	-	-	-	-	-	-	-	-	20,000	-
Education Initiative	-	10,000	-	-	-	-	-	-	-	-	-	-	-	10,000	-
Eritrea	5,350	5,558	-	250	-	340	-	-	1,602	-	-	-	-	13,100	5,564
Ethiopia	23,057	20,200	-	2,250	-	445	-	-	1,275	-	-	-	-	47,227	58,423
Gabon	-	-	-	-	-	157	-	-	-	2,085	-	-	-	2,242	-
Gambia	-	-	-	-	-	48	-	-	-	1,674	-	-	-	1,722	136
Ghana	18,655	15,963	-	400	-	482	-	-	-	2,465	-	-	-	37,965	12,407
Guinea	6,700	15,442	-	-	-	266	-	-	103	2,478	-	-	-	24,989	6,818
Guinea-Bissau	-	-	-	-	-	69	-	-	-	-	-	-	-	69	1,298
Kenya	27,563	13,547	-	15,000	-	486	-	-	-	3,205	-	-	-	59,801	17,682
Lesotho	-	-	-	-	-	96	-	-	-	1,978	-	-	-	2,074	-
Liberia	1,600	3,725	-	-	-	-	-	-	-	-	-	-	-	5,325	5,643
Madagascar	8,725	10,540	-	-	-	208	-	-	-	2,000	-	-	-	21,473	8,503
Malawi	15,540	13,829	-	-	-	385	-	-	-	2,242	-	-	-	31,996	13,699
Mali	14,488	21,688	-	-	-	342	-	-	-	2,741	-	-	-	39,259	1,355
Mauritania	-	-	-	-	-	130	-	-	-	1,733	-	-	-	1,863	3,213
Mauritius	-	-	-	-	-	93	-	-	-	-	-	-	-	93	-
Mozambique	17,677	22,438	-	-	-	153	-	-	2,259	1,494	-	-	-	44,021	18,448
MRA Africa	-	-	-	-	-	-	-	187,500	-	-	-	-	-	187,500	-
Namibia	1,850	8,183	-	-	-	208	-	-	65	1,762	-	-	-	12,068	-

## FY 2002

Countries/Accounts	CSH	DA	ESF	FMF	FSA	IMET	INCLE	MRA	NADR	Peace Corps	PKO	SEED	Other	Total	P.L.480
Niger	-	-	-	-	-	132	-	-	-	2,202	-	-	-	2,334	10,214
Nigeria	36,066	21,968	-	6,000	-	750	-	-	1,449	-	-	-	-	66,233	-
REDSO/ESA	9,475	15,859	-	-	-	-	-	-	-	-	-	-	-	25,334	-
Regional Center for South Africa	-	20,117	-	-	-	-	-	-	-	-	-	-	-	20,117	-
Regional Organizations	-	-	4,000	-	-	-	-	-	-	-	-	-	-	4,000	-
Republic of the Congo	-	-	-	-	-	140	-	-	-	-	-	-	-	140	-
Rwanda	12,100	6,402	-	-	-	-	-	-	350	-	-	-	-	18,852	14,498
Safe Skies	-	-	3,000	-	-	-	-	-	-	-	-	-	-	3,000	-
Sao Tome and Principe	-	-	-	-	-	112	-	-	-	-	-	-	-	112	-
Senegal	15,005	13,950	-	400	-	931	-	-	92	3,001	-	-	-	33,379	1,790
Seychelles	-	-	-	-	-	40	-	-	-	-	-	-	-	40	-
Sierra Leone	841	6,413	9,000	-	-	177	-	-	-	-	-	-	-	16,431	24,355
Somalia	500	2,267	-	-	-	-	-	-	1,200	-	-	-	-	3,967	19,729
South Africa	20,404	37,304	-	6,700	-	1,471	-	-	-	2,152	-	-	-	68,031	-
Sudan	500	10,631	-	-	-	-	-	-	-	-	-	-	-	11,131	60,190
Swaziland	-	-	-	-	-	84	-	-	-	-	-	-	-	84	-
Tanzania	16,700	8,108	-	-	-	275	-	-	-	2,652	-	-	-	27,735	4,827
Togo	-	-	-	-	-	83	-	-	-	2,143	-	-	-	2,226	-
Uganda	33,650	24,724	-	-	-	-	-	-	-	1,119	-	-	-	59,493	22,591
West Africa Regional	19,473	10,773	-	-	-	-	-	-	-	-	-	-	-	30,246	1,173
Zambia	30,700	14,822	-	-	-	189	-	-	816	2,859	-	-	-	49,386	8,060
Zimbabwe	6,450	2,512	-	-	-	-	-	-	-	339	-	-	-	9,301	25,522
Total Africa	422,679	453,996	120,000	33,500	-	10,332	7,500	187,500	15,474	53,714	54,905	-	121,642	1,481,242	462,851
East Asia and the Pacific															
ATA Regional - East Asia and the Pacific	-	-	-	-	-	-	-	-	5,472	-	-	-	-	5,472	-
Burma	-	-	6,500	-	-	-	-	-	-	-	-	-	-	6,500	-
Cambodia	15,000	-	20,000	-	-	-	-	-	2,290	-	-	-	-	37,290	1,085
China	-	-	-	-	-	-	-	-	-	1,595	-	-	-	1,595	-
China Rule of Law	-	-	5,000	-	-	-	-	-	-	-	-	-	-	5,000	-
East Asia and Pacific Environmental Initiative	-	-	3,500	-	-	-	-	-	-	-	-	-	-	3,500	-
East Timor	-	-	25,000	1,000	-	43	-	-	-	612	7,103	-	-	33,758	-
Indonesia	35,568	38,704	50,000	-	-	405	4,000	-	8,000	-	-	-	-	136,677	5,670
KEDO	-	-	-	-	-	-	-	-	90,500	-	-	-	-	90,500	-
Kiribati	-	-	-	-	-	-	-	-	-	1,037	-	-	-	1,037	-
Laos	1,000	1,000	-	-	-	-	4,200	-	1,328	-	-	-	-	7,528	513
Malaysia	-	-	-	-	-	831	-	-	150	-	-	-	-	981	-
Micronesia	-	-	-	-	-	-	-	-	-	1,735	-	-	-	1,735	-
Mongolia	-	-	12,000	2,000	-	68									



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(\$ in thousands)

Countries/Accounts	CSH	DA	ESF	FMF	FSA	IMET	INCLE	MRA	NADR	Peace Corps	PKO	SEED	Other	Total	P.L.480
Regional Women's Issues	-	-	4,000	-	-	-	-	-	-	-	-	-	-	4,000	-
Samoa	-	-	-	-	-	113	-	-	-	1,212	-	-	-	1,325	-
Solomon Islands	-	-	-	-	-	146	-	-	-	28	-	-	-	174	-
South Pacific Fisheries	-	-	14,000	-	-	-	-	-	-	-	-	-	-	14,000	-
Thailand	1,000	750	-	1,300	-	1,748	4,000	-	720	1,267	-	-	-	10,785	-
Tonga	-	-	-	-	-	115	-	-	-	1,043	-	-	-	1,158	-
Vanuatu	-	-	-	-	-	95	-	-	-	1,212	-	-	-	1,307	-
Vietnam	4,106	6,950	-	-	-	-	-	-	1,520	-	-	-	-	12,576	-
Total East Asia and the Pacific	82,273	71,863	178,250	48,300	-	6,413	12,200	15,625	110,075	13,620	7,103	-	-	545,722	7,368
Europe and Eurasia	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Albania	-	-	-	4,000	-	866	-	-	450	-	-	35,250	-	40,566	-
Armenia	-	-	-	4,000	90,200	75	-	-	1,800	1,417	-	-	-	97,492	911
ATA Regional - Europe and Eurasia	-	-	-	-	-	-	-	-	19,666	-	-	-	-	19,666	-
Azerbaijan	-	-	-	4,000	43,510	377	-	-	4,880	-	1,000	-	-	53,767	2,239
Belarus	-	-	-	-	10,572	-	-	-	-	-	-	-	-	10,572	-
Bosnia and Herzegovina	-	-	-	2,250	-	800	-	-	-	-	-	65,005	-	68,055	-
Bulgaria	-	-	-	8,500	-	1,212	-	-	1,390	2,158	-	34,100	-	47,360	-
Croatia	-	-	-	5,000	-	593	-	-	40	-	-	44,000	-	49,633	-
Cyprus	-	-	15,000	-	-	-	-	-	55	-	-	-	-	15,055	-
Czech Republic	-	-	-	10,000	-	1,800	-	-	200	-	-	-	-	12,000	-
Estonia	-	-	-	6,250	-	1,036	-	-	268	373	-	-	-	7,927	-
European Bank for Reconstruction and Development	-	-	-	-	-	-	-	-	-	-	-	-	35,779	35,779	-
Federal Republic of Yugoslavia	-	-	-	-	-	-	-	-	-	-	-	165,000	-	165,000	1,738
Georgia	-	-	-	31,000	89,807	889	-	-	1,100	1,182	340	-	-	124,318	-
Greece	-	-	-	-	-	499	-	-	-	-	-	-	-	499	-
Hungary	-	-	-	10,000	-	1,789	-	-	240	-	-	-	-	12,029	-
International Fund for Ireland	-	-	25,000	-	-	-	-	-	-	-	-	-	-	25,000	-
Irish Visa Program	-	-	5,000	-	-	-	-	-	-	-	-	-	-	5,000	-
Kazakhstan	-	-	-	-	-	893	-	-	-	-	-	-	-	57,867	-
Kosovo	131	-	-	4,750	47,315	-	-	-	2,655	2,254	-	-	-	118,131	-
Kyrgyz Republic	-	-	-	11,000	71,989	600	-	-	-	1,063	-	118,000	-	84,652	-
Latvia	-	-	-	6,250	-	1,047	-	-	1,113	363	-	-	-	8,773	-
Lithuania	-	-	-	6,593	-	1,019	-	-	748	362	-	-	-	8,722	-
Macedonia	-	-	-	10,500	-	579	-	-	180	341	-	49,506	-	61,106	-
Malta	-	-	-	1,000	-	295	-	-	119	-	-	-	-	1,414	-
Moldova	-	-	-	1,250	35,946	889	-	-	-	1,757	-	-	-	39,842	-
MRA Europe	-	-	-	-	-	-	-	81,520	-	-	-	-	-	81,520	-
NIS Regional Export Controls	-	-	-	-	-	-	-	-	500	-	-	-	-	500	-
OSCE Bosnia	-	-	-	-	-	-	-	-	-	-	20,022	-	-	20,022	-
OSCE Croatia	-	-	-	-	-	-	-	-	-	-	2,900	-	-	2,900	-
OSCE Kosovo	-	-	-	-	-	-	-	-	-	-	15,400	-	-	15,400	-
OSCE Regional - Europe	-	-	-	-	-	-	-	-	-	-	12,275	-	-	12,275	-
Poland	-	-	-	12,000	-	1,891	-	-	300	-	-	-	-	14,191	-

# Country/Account Summaries ('Spigots')

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(\$ in thousands)

Countries/Accounts	CSH	DA	ESF	FMF	FSA	IMET	INCLE	MRA	NADR	Peace Corps	PKO	SEED	Other	Total	P.L.480
Portugal	-	-	-	-	-	720	-	-	-	-	-	-	-	720	-
Regional FSA	-	-	-	-	68,681	-	-	-	-	-	-	-	-	68,681	-
Regional SEED	-	-	-	-	-	-	-	-	-	-	-	74,139	-	74,139	-
Romania	-	-	-	9,000	-	1,356	-	-	1,336	3,178	-	36,000	-	50,870	-
Russia	-	-	-	-	159,083	-	-	-	1,500	3,734	-	-	-	164,317	-
Science Centers/Bio Redirection	-	-	-	-	-	-	-	-	67,000	-	-	-	-	67,000	-
Slovakia	-	-	-	7,750	-	845	-	-	407	616	-	-	-	9,618	-
Slovenia	-	-	-	4,000	-	827	-	-	350	-	-	-	-	5,177	-
Tajikistan	-	-	-	3,700	56,372	259	-	-	7,500	-	-	-	-	67,831	26,227
Turkey	-	-	200,000	48,000	-	2,756	-	-	2,200	-	-	-	-	252,956	-
Turkmenistan	-	-	-	-	11,398	388	-	-	7,000	893	-	-	-	19,679	-
Ukraine	-	-	-	4,000	154,937	1,638	-	-	800	4,252	1,000	-	-	166,627	-
Uzbekistan	-	-	-	36,207	118,190	880	-	-	4,300	828	-	-	-	160,405	-
<b>Total Europe and Eurasia</b>	<b>131</b>	<b>-</b>	<b>245,000</b>	<b>251,000</b>	<b>958,000</b>	<b>26,818</b>	<b>-</b>	<b>81,520</b>	<b>128,097</b>	<b>24,771</b>	<b>52,937</b>	<b>621,000</b>	<b>35,779</b>	<b>2,425,053</b>	<b>31,115</b>
<b>Near East</b>															
Algeria	-	-	-	-	-	67	-	-	-	-	-	-	-	67	2,009
ATA Regional - Near East Asia	-	-	-	-	-	-	-	-	11,272	-	-	-	-	11,272	-
Bahrain	-	-	-	28,500	-	395	-	-	-	-	-	-	-	28,895	-
Egypt	-	-	655,000	1,300,000	-	1,217	-	-	50	-	-	-	-	1,956,267	3,839
Iraq Opposition	-	-	25,000	-	-	-	-	-	-	-	-	-	-	25,000	-
Israel	-	-	720,000	2,040,000	-	-	-	-	28,000	-	-	-	-	2,788,000	-
Jordan	-	-	250,000	100,000	-	2,012	-	-	1,595	1,597	-	-	-	355,204	-
Lebanon	-	600	35,000	-	-	568	-	-	1,200	-	-	-	-	37,368	-
Middle East Democracy	-	-	5,000	-	-	-	-	-	-	-	-	-	-	5,000	-
Middle East Multilaterals	-	-	3,000	-	-	-	-	-	-	-	-	-	-	3,000	-
Middle East Partnership Initiative	-	-	20,000	-	-	-	-	-	-	-	-	-	-	20,000	-
Middle East Regional Cooperation	-	-	5,000	-	-	-	-	-	-	-	-	-	-	5,000	-
Morocco	4,600	5,766	-	3,500	-	1,041	-	-	-	2,718	-	-	-	17,625	-
MRA Near East	-	-	-	-	-	-	-	102,900	-	-	-	-	-	102,900	-
MRA Refugees to Israel	-	-	-	-	-	-	-	60,000	-	-	-	-	-	60,000	-
Multinational Force and Observers	-	-	-	-	-	-	-	-	-	-	16,015	-	-	16,015	-
Oman	-	-	-	25,000	-	481	-	-	515	-	-	-	-	25,996	-
Saudi Arabia	-	-	-	-	-	24	-	-	30	-	-	-	-	54	-
Tunisia	-	-	-	3,500	-	1,013	-	-	-	-	-	-	-	4,513	-
U.S. North Africa Economic Partnership	-	-	4,000	-	-	-	-	-	-	-	-	-	-	4,000	-
United Arab Emirates	-	-	-	-	-	-	-	-	350	-	-	-	-	350	-
West Bank/Gaza	-	-	72,000	-	-	-	-	-	-	-	-	-	-	72,000	-
Yemen	-	-	8,000	20,000	-	488	-	-	800	-	-	-	-	29,288	395
<b>Total Near East</b>	<b>4,600</b>	<b>6,366</b>	<b>1,802,000</b>	<b>3,520,500</b>	<b>-</b>	<b>7,306</b>	<b>-</b>	<b>162,900</b>	<b>43,812</b>	<b>4,315</b>	<b>16,015</b>	<b>-</b>	<b>-</b>	<b>5,567,814</b>	<b>6,243</b>
<b>South Asia</b>															
Afghanistan	29,000	10,701	105,250	57,256	-	-	66,000	-	43,434	-	23,949	-	191,000	526,590	159,472
ATA Regional - South Asia	-	-	-	-	-	-	-	-	6,882	-	-	-	-	6,882	-
Bangladesh	39,950	21,670	3,000	-	-	648	-	-	-	581	-	-	-	65,849	23,974

FY 2002

(\$ in thousands)

Countries/Accounts	CSH	DA	ESF	FMF	FSA	IMET	INCLE	MRA	NADR	Peace Corps	PKO	SEED	Other	Total	P.L.480
India	41,678	29,200	7,000	-	-	1,012	-	-	800	-	-	-	-	79,690	93,679
Maldives	-	-	-	-	-	125	-	-	-	-	-	-	-	125	-
MRA South Asia	-	-	-	-	-	-	-	146,600	-	-	-	-	-	146,600	-
Nepal	20,000	7,597	3,000	14,000	-	377	-	-	-	2,111	-	-	-	47,085	2,352
Pakistan	14,000	10,000	624,500	75,000	-	894	90,500	-	10,100	-	220,000	-	-	1,044,994	5,134
South Asia Regional Funds	-	-	3,500	-	-	-	-	-	-	-	-	-	-	3,500	-
Sri Lanka	300	5,150	3,000	-	-	259	-	-	-	-	-	-	-	8,709	1,325
Total South Asia	144,928	84,318	749,250	146,256	-	3,315	156,500	146,600	61,216	2,692	243,949	-	191,000	1,930,024	285,936
<b>Western Hemisphere</b>															
Administration of Justice	-	-	8,663	-	-	-	-	-	-	-	-	-	-	8,663	-
Argentina	-	-	-	1,000	-	1,025	-	-	-	-	-	-	-	2,025	-
ATA Regional - Western Hemisphere	-	-	-	-	-	-	-	-	2,531	-	-	-	-	2,531	-
Bahamas	-	-	-	100	-	144	1,200	-	-	-	-	-	-	1,444	-
Belize	-	-	-	200	-	212	-	-	-	1,464	-	-	-	1,876	-
Bolivia	19,690	12,853	10,000	500	-	712	87,600	-	-	2,922	-	-	-	134,277	19,566
Brazil	9,150	4,799	-	-	-	437	6,000	-	-	-	-	-	-	20,386	-
Caribbean Regional	3,550	-	-	-	-	-	-	-	-	-	-	-	-	3,550	-
Centers for Educational Excellence	-	-	7,000	-	-	-	-	-	-	-	-	-	-	7,000	-
Central American Regional	4,000	15,792	-	-	-	-	-	-	-	-	-	-	-	19,792	-
Chile	-	-	-	500	-	570	-	-	-	-	-	-	-	1,070	-
Colombia	-	-	-	-	-	1,180	379,900	-	25,000	-	-	-	-	406,080	-
Costa Rica	-	-	-	-	-	389	-	-	-	899	-	-	-	1,288	-
Cuba	-	-	5,000	-	-	-	-	-	-	-	-	-	-	5,000	-
Dominican Republic	9,532	6,450	2,300	350	-	527	-	-	-	3,121	-	-	-	22,280	-
Eastern Caribbean	-	-	10,800	2,000	-	672	-	-	-	2,019	-	-	-	15,491	-
Ecuador	-	6,840	15,000	3,000	-	625	25,000	-	370	2,813	-	-	-	53,648	1,530
El Salvador	15,653	45,640	25,200	1,000	-	814	-	-	-	2,463	-	-	-	90,770	-
Guatemala	15,700	12,320	10,000	-	-	350	3,500	-	-	4,255	-	-	-	46,125	21,502
Guyana	1,000	3,100	-	200	-	294	-	-	-	1,083	-	-	-	5,677	-
Haiti	638	250	30,000	300	-	14	-	-	-	1,504	91	-	-	32,797	23,128
Honduras	13,177	15,430	1,000	-	-	655	-	-	-	4,081	-	-	-	34,343	6,436
Inter-American Foundation	-	-	-	-	-	-	-	-	-	-	-	-	13,107	13,107	-
Inter-American Investment Corporation	-	-	-	-	-	-	-	-	-	-	-	-	18,000	18,000	-
Jamaica	3,121	9,471	1,532	600	-	586	1,550	-	-	2,242	-	-	-	19,102	-
LAC Regional	9,434	39,910	-	-	-	-	-	-	-	-	-	-	-	49,344	-
Latin America Regional	-	-	-	-	-	-	10,000	-	-	-	-	-	-	10,000	-
Mexico	5,509	7,715	10,000	-	-	944	37,000	-	-	-	-	-	-	61,168	-
MRA Western Hemisphere	-	-	-	-	-	-	-	13,723	-	-	-	-	-	13,723	-
Nicaragua	8,470	16,602	2,800	500	-	372	-	-	-	2,639	-	-	-	31,383	15,136
OAS Development Assistance Programs	-	-	-	-	-	-	-	-	-	-	-	-	5,500	5,500	-
OAS Fund for Strengthening Democracy	-	-	-	-	-	-	-	-	-	-	-	-	2,500	2,500	-
OAS/IADB Demining	-	-	-	-	-	-	-	-	1,695	-	-	-	-	1,695	-
Panama	-	4,500	4,205	-	-	178	5,000	-	-	2,299	-	-	-	16,182	-
Paraguay	2,525	3,600	3,500	-	-	360	-	-	-	3,228	-	-	-	13,213	-

## (\$ in thousands)

Countries/Accounts	CSH	DA	ESF	FMF	FSA	IMET	INCLE	MRA	NADR	Peace Corps	PKO	SEED	Other	Total	P.L.480
Peru	23,666	14,969	14,500	-	-	518	142,500	-	225	848	-	-	-	197,226	37,035
Peru-Ecuador Peace	-	-	4,500	-	-	-	-	-	-	-	-	-	-	4,500	-
Suriname	-	-	-	150	-	147	-	-	-	843	-	-	-	1,140	-
Trinidad and Tobago	-	-	-	300	-	132	-	-	-	-	-	-	-	432	-
Uruguay	-	-	-	1,000	-	464	-	-	-	-	-	-	-	1,464	-
Venezuela	-	-	500	-	-	500	5,000	-	-	-	-	-	-	6,000	-
WHIA Regional Border Control	-	-	-	-	-	-	4,000	-	-	-	-	-	-	4,000	-
Total Western Hemisphere	144,815	220,241	166,500	11,700	-	12,821	708,250	13,723	29,821	38,723	91	-	39,107	1,385,792	124,333
Global															
Asia Regional	-	-	-	-	-	-	5,050	-	-	-	-	-	-	5,050	-
Asia-Near East Regional	16,226	46,769	-	-	-	-	-	-	-	-	-	-	-	62,995	-
Asian Development Fund	-	-	-	-	-	-	-	-	-	-	-	-	98,017	98,017	-
ATA Program Management	-	-	-	-	-	-	-	-	13,247	-	-	-	-	13,247	-
ATA WMD Preparedness Program	-	-	-	-	-	-	-	-	2,000	-	-	-	-	2,000	-
CT Engagement w/Allies	-	-	-	-	-	-	-	-	3,000	-	-	-	-	3,000	-
CTBT International Monitoring System	-	-	-	-	-	-	-	-	16,566	-	-	-	-	16,566	-
Debt Restructuring	-	-	-	-	-	-	-	-	-	-	-	-	229,000	229,000	-
Demining Administrative Expenses	-	-	-	-	-	-	-	-	500	-	-	-	-	500	-
Demining Crosscutting Initiatives	-	-	-	-	-	-	-	-	3,962	-	-	-	-	3,962	-
Demining Mine Surveys	-	-	-	-	-	-	-	-	3,284	-	-	-	-	3,284	-
Demining Research and Training	-	-	-	-	-	-	-	-	600	-	-	-	-	600	-
Democracy, Conflict & Humanitarian Assistance	25,893	66,269	-	-	-	-	-	-	-	-	-	-	-	92,162	-
Development Credit Program - Admin. Exp.	-	-	-	-	-	-	-	-	-	-	-	-	7,500	7,500	-
DSCA Administrative Costs	-	-	-	2,000	-	-	-	-	-	-	-	-	-	2,000	-
E-IMET Schools	-	-	-	-	-	2,600	-	-	-	-	-	-	-	2,600	-
Economic Growth, Agriculture and Trade	-	182,297	-	-	-	-	-	-	-	-	-	-	-	182,297	-
Enhanced International Peacekeeping Capabilities	-	-	-	4,000	-	-	-	-	-	-	-	-	-	4,000	-
Export Control Program Administration	-	-	-	-	-	-	-	-	445	-	-	-	-	445	-
Export Control Regional Advisors	-	-	-	-	-	-	-	-	2,580	-	-	-	-	2,580	-
Export-Import Bank - Administrative Expenses	-	-	-	-	-	-	-	-	-	-	-	-	63,000	63,000	-
Export-Import Bank - Direct Loans, Negative Subsidies	-	-	-	-	-	-	-	-	-	-	-	-	(25,000)	(25,000)	-
Export-Import Bank - Loan Subsidy	-	-	-	-	-	-	-	-	-	-	-	-	727,323	727,323	-
FMF Administrative Costs	-	-	-	35,000	-	-	-	-	-	-	-	-	-	35,000	-
General Costs	-	-	-	-	-	395	-	-	-	-	-	-	-	395	-
Global Development Alliance	-	20,000	-	-	-	-	-	-	-	-	-	-	-	20,000	-
Global Environment Facility	-	-	-	-	-	-	-	-	-	-	-	-	100,500	100,500	-
Global Health	322,766	3,714	-	-	-	-	-	-	-	-	-	-	-	326,480	-
Human Rights and Democracy Funds	-	-	13,000	-	-	-	-	-	-	-	-	-	-	13,000	-
INL Anticrime Programs	-	-	-	-	-	-	20,330	-	-	-	-	-	-	20,330	-

FY 2002

(\$ in thousands)

Countries/Accounts	CSH	DA	ESF	FMF	FSA	IMET	INCLE	MRA	NADR	Peace Corps	PKO	SEED	Other	Total	P.L.480
International Atomic Energy Agency	-	-	-	-	-	-	-	-	50,000	-	-	-	-	50,000	-
Voluntary Contribution	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
International Civil Aviation Organization	-	-	-	-	-	-	-	-	-	-	-	-	300	300	-
International Conservation Programs	-	-	-	-	-	-	-	-	-	-	-	-	7,700	7,700	-
International Contributions for Scientific, Educational, and Cultural Activities	-	-	-	-	-	-	-	-	-	-	-	-	1,750	1,750	-
International Development Association	-	-	-	-	-	-	-	-	-	-	-	-	792,400	792,400	-
International Disaster Assistance	-	-	-	-	-	-	-	-	-	-	-	-	235,500	235,500	-
International Fund for Agricultural Development	-	-	-	-	-	-	-	-	-	-	-	-	20,000	20,000	-
International Law Enforcement Academies	-	-	-	-	-	-	14,500	-	-	-	-	-	-	14,500	-
International Organizations	-	-	-	-	-	-	13,000	-	-	-	-	-	-	13,000	-
International Organizations/Partnerships	297,500	7,500	-	-	-	-	-	-	-	-	-	-	-	305,000	-
International Panel on Climate Change/UN Framework Convention on Climate Change	-	-	-	-	-	-	-	-	-	-	-	-	7,400	7,400	-
Interregional Aviation Support	-	-	-	-	-	-	60,000	-	-	-	-	-	-	60,000	-
Montreal Protocol Multilateral Fund	-	-	-	-	-	-	-	-	-	-	-	-	25,000	25,000	-
MRA Administrative Expenses	-	-	-	-	-	-	-	16,000	-	-	-	-	-	16,000	-
MRA Migration	-	-	-	-	-	-	-	15,132	-	-	-	-	-	15,132	-
MRA Multiregional Activities	-	-	-	-	-	-	-	56,000	-	-	-	-	-	56,000	-
MRA Refugee Admissions	-	-	-	-	-	-	-	110,000	-	-	-	-	-	110,000	-
Multilateral Investment Guarantee Agency	-	-	-	-	-	-	-	-	-	-	-	-	5,000	5,000	-
Muslim Secondary Exchange Program	-	-	-	-	-	-	-	-	-	-	-	-	-	7,000	-
NADR Regional Export Controls	-	-	7,000	-	-	-	-	-	1,030	-	-	-	-	1,030	-
New Course Development	-	-	-	-	-	-	-	-	4,791	-	-	-	-	4,791	-
Non-Proliferation and Disarmament Fund	-	-	-	-	-	-	-	-	14,000	-	-	-	-	14,000	-
Oceans, Environmental and Science Initiative	-	-	4,000	-	-	-	-	-	-	-	-	-	-	4,000	-
OPCW Voluntary Contribution	-	-	-	-	-	-	-	-	2,000	-	-	-	-	2,000	-
OPIC - Administrative Expenses	-	-	-	-	-	-	-	-	-	-	-	-	38,608	38,608	-
OPIC - Net Offsetting Collections	-	-	-	-	-	-	-	-	-	-	-	-	(259,608)	(259,608)	-
Partnership to Eliminate Sweatshops	-	-	4,000	-	-	-	-	-	-	-	-	-	-	4,000	-
Peace Corps Other	-	-	-	-	-	-	-	-	-	141,065	-	-	-	141,065	-
Policy Initiatives	289	8,437	-	-	-	-	-	-	-	-	-	-	-	8,726	21,675
Prepositioned Stocks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	19,399
Program & Policy Coordination	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Program Development and Support	5,400	6,230	-	-	-	-	13,000	-	-	-	-	-	-	11,630	-
Regional Advisors Training	-	-	-	-	-	-	-	-	200	-	-	-	-	13,000	-
Regional Narc. Training and Demand Reduction	-	-	-	-	-	-	5,000	-	-	-	-	-	-	200	-
Systems Support and Upgrades	-	-	-	-	-	-	-	-	-	-	-	-	-	5,000	-
Terrorist Financing	-	-	-	-	-	-	6,000	-	-	-	-	-	-	6,000	-
Terrorist Interdiction Program	-	-	-	-	-	-	-	-	10,000	-	-	-	-	10,000	-
Trade and Development Agency	-	-	-	-	-	-	-	-	18,000	-	-	-	-	18,000	-
	-	-	-	-	-	-	-	-	-	-	-	-	50,024	50,024	-

# Country/Account Summaries ('Spigots')

FY 2002

(\$ in thousands)

Countries/Accounts	CSH	DA	ESF	FMF	FSA	IMET	INCLE	MRA	NADR	Peace Corps	PKO	SEED	Other	Total	P.L.480
Trafficking in Persons	-	-	-	-	-	-	7,670	-	-	-	-	-	-	7,670	-
Transition Initiatives	-	-	-	-	-	-	-	-	-	-	-	-	50,000	50,000	-
Treasury Technical Assistance	-	-	-	-	-	-	-	-	-	-	-	-	9,500	9,500	-
U.S. Emergency Refugee and Migration Assistance Fund	-	-	-	-	-	-	-	-	-	-	-	-	15,000	15,000	-
UN Development Fund for Women	-	-	-	-	-	-	-	-	-	-	-	-	1,000	1,000	-
UN Development Program	-	-	-	-	-	-	-	-	-	-	-	-	97,100	97,100	-
UN Environment Program	-	-	-	-	-	-	-	-	-	-	-	-	10,750	10,750	-
UN Voluntary Fund for Technical Cooperation in the Field of Human Rights	-	-	-	-	-	-	-	-	-	-	-	-	1,500	1,500	-
UN Voluntary Fund for Victims of Torture	-	-	-	-	-	-	-	-	-	-	-	-	5,000	5,000	-
USAID Inspector General Operating Expenses	-	-	-	-	-	-	-	-	-	-	-	-	31,500	31,500	-
USAID Operating Expenses	-	-	-	-	-	-	-	-	-	-	-	-	564,000	564,000	-
USAID Security	-	-	-	-	-	-	-	-	-	-	-	-	2,000	2,000	-
World Food Program	-	-	-	-	-	-	-	-	-	-	-	-	6,000	6,000	-
World Meteorological Organization	-	-	-	-	-	-	-	-	-	-	-	-	2,000	2,000	-
World Trade Organization	-	-	-	-	-	-	-	-	-	-	-	-	1,000	1,000	-
<b>Total Global</b>	<b>668,074</b>	<b>341,216</b>	<b>28,000</b>	<b>41,000</b>	<b>-</b>	<b>2,995</b>	<b>144,550</b>	<b>197,132</b>	<b>146,205</b>	<b>141,065</b>	<b>-</b>	<b>-</b>	<b>2,920,764</b>	<b>4,631,001</b>	<b>41,074</b>
<b>Total FY 2002</b>	<b>1,467,500</b>	<b>1,178,000</b>	<b>3,289,000</b>	<b>4,052,256</b>	<b>958,000</b>	<b>70,000</b>	<b>1,029,000</b>	<b>805,000</b>	<b>534,700</b>	<b>278,900</b>	<b>375,000</b>	<b>621,000</b>	<b>3,308,292</b>	<b>17,966,648</b>	<b>958,820</b>

FY 2003

(\$ in thousands)

Countries/Accounts	CSH	DA	ESF	FMF	FSA	IMET	INCLE	MRA	NADR	Peace Corps	PKO	SEED	Other	Total	P.L.480
<b>Africa</b>															
Africa Crisis Response Training	-	-	-	-	-	-	-	-	-	-	10,000	-	-	10,000	-
Africa Regional	33,915	102,646	-	-	-	-	7,000	-	-	-	-	-	-	143,561	-
Africa Regional Fund	-	-	32,000	-	-	-	-	-	-	-	-	-	-	32,000	-
Africa Regional Peacekeeping	-	-	-	-	-	-	-	-	-	-	30,000	-	-	30,000	-
African Development Bank	-	-	-	-	-	-	-	-	-	-	-	-	5,104	5,104	-
African Development Foundation	-	-	-	-	-	-	-	-	-	-	-	-	16,542	16,542	-
African Development Fund	-	-	-	-	-	-	-	-	-	-	-	-	118,073	118,073	-
African Development Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	20,000	-
Agriculture Initiative	-	20,000	-	-	-	-	-	-	-	-	-	-	-	20,000	-
Angola	5,400	2,750	-	-	-	100	-	-	3,500	-	-	-	-	11,750	8,004
Anti-Corruption Initiative	-	7,500	-	-	-	-	-	-	-	-	-	-	-	7,500	-
ATA Regional - Africa	-	-	-	-	-	-	-	-	5,296	-	-	-	-	5,296	-
Benin	6,343	7,923	-	-	-	400	-	-	-	2,678	-	-	-	17,344	4,023
Botswana	-	-	-	1,000	-	600	-	-	-	1,209	-	-	-	2,809	-
Burkina Faso	-	-	-	-	-	50	-	-	-	2,559	-	-	-	2,559	10,121
Burundi	500	3,500	-	-	-	50	-	-	-	2,996	-	-	-	4,050	-
Cameroon	-	-	-	-	-	200	-	-	-	1,352	-	-	-	3,196	-
Cape Verde	-	-	-	-	-	120	-	-	-	-	-	-	-	1,472	-
Central African Republic	-	-	-	-	-	110	-	-	350	1,073	-	-	-	110	-
Chad	-	-	-	-	-	130	-	-	-	-	-	-	-	1,553	-
Comoros	-	-	-	-	-	50	-	-	-	-	-	-	-	50	-
Cote d'Ivoire	-	-	-	-	-	50	-	-	-	1,244	-	-	-	1,294	-
Countries in Transition	-	-	31,000	-	-	-	-	-	-	-	-	-	-	31,000	-
Democratic Republic of Congo	13,476	10,024	-	-	-	50	-	-	-	-	-	-	-	23,550	-
Djibouti	-	-	-	-	-	185	-	-	250	-	-	-	-	435	-
ECOWAS	-	-	-	-	-	50	-	-	-	-	-	-	-	50	-
Education Initiative	-	22,000	-	-	-	-	-	-	-	-	-	-	-	22,000	-
Equatorial Guinea	-	-	-	-	-	50	-	-	-	-	-	-	-	50	-
Eritrea	5,400	4,619	-	500	-	400	-	-	1,100	-	-	-	-	12,019	1,908
Ethiopia	31,950	18,104	-	500	-	500	-	-	1,000	-	-	-	-	52,054	27,281
Gabon	-	-	-	-	-	160	-	-	-	2,424	-	-	-	2,584	-
Gambia	-	-	-	-	-	50	-	-	-	2,033	-	-	-	2,083	-
Ghana	20,055	18,688	-	500	-	500	-	-	-	2,742	-	-	-	42,485	14,951
Guinea	7,160	15,765	-	-	-	250	-	-	-	2,812	-	-	-	25,987	3,441
Guinea-Bissau	-	-	-	-	-	75	-	-	200	-	-	-	-	275	-
Kenya	33,413	13,280	-	1,500	-	600	-	-	-	3,283	-	-	-	52,076	12,134
Lesotho	-	-	-	-	-	100	-	-	-	2,281	-	-	-	2,381	-
Liberia	2,100	3,100	-	-	-	-	-	-	-	-	-	-	-	5,200	1,027
Madagascar	8,493	9,785	-	-	-	170	-	-	-	1,970	-	-	-	20,418	10,732
Malawi	17,480	13,397	-	-	-	360	-	-	-	2,611	-	-	-	33,848	6,290
Mali	13,288	21,340	-	-	-	325	-	-	-	3,538	-	-	-	38,491	-
Mauritania	-	-	-	-	-	100	-	-	200	1,932	-	-	-	2,232	3,493
Mauritius	-	-	-	-	-	100	-	-	-	-	-	-	-	100	-
Military Health Affairs	-	-	-	2,000	-	-	-	-	-	-	-	-	-	2,000	-
Mozambique	21,800	23,692	-	-	-	215	-	-	3,130	2,066	-	-	-	50,903	16,871

# Country/Account Summaries ('Spigots')

FY 2003

(\$ in thousands)

Countries/Accounts	CSH	DA	ESF	FMF	FSA	IMET	INCLE	MRA	NADR	Peace Corps	PKO	SEED	Other	Total	P.L.480
MRA Africa	-	-	-	-	-	-	-	187,500	-	-	-	-	-	187,500	-
Namibia	1,900	5,080	-	-	-	200	-	-	90	2,459	-	-	-	9,729	-
Niger	-	-	-	-	-	110	-	-	-	2,527	-	-	-	2,637	6,868
Nigeria	41,356	23,879	-	6,000	-	800	-	-	-	-	-	-	-	72,035	-
REDSO/ESA	9,125	13,163	-	-	-	-	-	-	-	-	-	-	-	22,288	-
Regional Center for South Africa	-	24,731	6,000	-	-	-	-	-	-	-	-	-	-	24,731	-
Regional Organizations	-	-	-	-	-	-	-	-	-	-	-	-	-	6,000	-
Republic of the Congo	12,150	6,023	-	-	-	110	-	-	450	-	-	-	-	110	-
Rwanda	-	-	8,000	-	-	150	-	-	-	-	-	-	-	18,773	10,978
Safe Skies	-	-	-	-	-	-	-	-	-	-	-	-	-	8,000	-
Sao Tome and Principe	-	-	-	-	-	100	-	-	-	-	-	-	-	100	-
Senegal	14,762	13,618	-	500	-	900	-	-	-	3,454	-	-	-	33,234	-
Seychelles	-	-	-	-	-	100	-	-	-	-	-	-	-	100	-
Sierra Leone	468	3,400	-	-	-	250	-	-	200	-	-	-	-	4,318	-
Somalia	200	2,700	-	-	-	-	-	-	1,200	-	-	-	-	4,100	-
South Africa	25,150	36,278	-	6,000	-	1,450	-	-	-	2,622	-	-	-	71,500	-
Sudan	300	22,000	-	-	-	-	-	-	-	-	-	-	-	22,300	-
Swaziland	-	-	-	-	-	100	-	-	-	1,313	-	-	-	1,413	-
Tanzania	22,490	10,446	-	-	-	230	-	-	-	3,041	-	-	-	36,207	-
Togo	-	-	-	-	-	100	-	-	-	2,310	-	-	-	2,410	-
Trade Initiative	-	15,000	-	-	-	-	-	-	-	-	-	-	-	15,000	-
Uganda	38,559	24,385	-	-	-	170	-	-	-	1,410	-	-	-	64,524	15,880
West Africa Regional	19,631	8,018	-	-	-	-	-	-	-	-	-	-	-	27,649	3,190
Zambia	37,404	12,881	-	-	-	225	-	-	700	3,443	-	-	-	54,653	-
Zimbabwe	14,223	1,885	-	-	-	-	-	-	270	-	-	-	-	16,378	-
<b>Total Africa</b>	<b>458,491</b>	<b>541,600</b>	<b>77,000</b>	<b>18,500</b>	-	<b>11,095</b>	<b>7,000</b>	<b>187,500</b>	<b>17,936</b>	<b>63,332</b>	<b>40,000</b>	-	<b>139,719</b>	<b>1,562,173</b>	<b>160,692</b>
<b>East Asia and the Pacific</b>															
ATA Regional - East Asia and the Pacific	-	-	-	-	-	-	-	-	2,366	-	-	-	-	2,366	-
Burma	-	-	6,500	-	-	-	-	-	-	-	-	-	-	6,500	-
Cambodia	22,500	-	17,000	-	-	200	-	-	3,020	-	-	-	-	42,720	-
China	-	-	-	-	-	-	-	-	-	2,104	-	-	-	2,104	-
China Rule of Law	-	-	5,000	-	-	-	-	-	-	-	-	-	-	5,000	-
East Timor	-	-	19,000	2,000	-	100	-	-	-	1,329	5,000	-	-	27,429	-
Fiji	-	-	-	-	-	100	-	-	-	1,363	-	-	-	1,463	-
Indonesia	32,568	38,704	60,000	-	-	400	-	-	-	-	-	-	-	131,672	10,245
KEDO	-	-	-	-	-	-	-	-	75,000	-	-	-	-	75,000	-
Kiribati	-	-	-	-	-	-	-	-	-	1,182	-	-	-	1,182	-
Laos	1,000	1,000	-	-	-	100	3,000	-	1,200	-	-	-	-	6,300	-
Malaysia	-	-	-	-	-	800	-	-	300	-	-	-	-	1,100	-
Micronesia	-	-	-	-	-	-	-	-	-	1,866	-	-	-	1,866	-
Mongolia	-	-	12,000	1,000	-	725	-	-	-	1,859	-	-	-	15,584	-
MRA East Asia	-	-	-	-	-	-	-	15,500	-	-	-	-	-	15,500	-
Papua New Guinea	-	-	-	-	-	240	-	-	-	-	-	-	-	240	-
Philippines	24,550	26,609	20,000	20,000	-	2,400	-	-	-	2,611	-	-	-	96,170	-



FY 2003

(\$ in thousands)

Countries/Accounts	CSH	DA	ESF	FMF	FSA	IMET	INCLE	MRA	NADR	Peace Corps	PKO	SEED	Other	Total	P.L.480
Regional Democracy	-	-	5,000	-	-	-	-	-	-	-	-	-	-	5,000	-
Regional Security Fund	-	-	250	-	-	-	-	-	-	-	-	-	-	250	-
Regional Women's Issues	-	-	4,000	-	-	-	-	-	-	-	-	-	-	4,000	-
Samoa	-	-	-	-	-	120	-	-	-	1,345	-	-	-	1,465	-
Solomon Islands	-	-	-	-	-	150	-	-	-	27	-	-	-	177	-
South Pacific Fisheries	-	-	18,000	-	-	-	-	-	-	-	-	-	-	18,000	-
Thailand	1,000	2,250	-	2,000	-	1,750	3,750	-	50	1,694	-	-	-	12,494	-
Tonga	-	-	-	-	-	125	-	-	-	1,071	-	-	-	1,196	-
Vanuatu	-	-	-	-	-	100	-	-	-	1,414	-	-	-	1,514	-
Vietnam	4,006	8,450	-	-	-	100	-	-	1,750	-	-	-	-	14,306	-
<b>Total East Asia and the Pacific</b>	<b>85,624</b>	<b>77,013</b>	<b>166,750</b>	<b>25,000</b>	-	<b>7,410</b>	<b>6,750</b>	<b>15,500</b>	<b>83,686</b>	<b>17,865</b>	<b>5,000</b>	-	-	<b>490,598</b>	<b>10,245</b>
<b>Europe and Eurasia</b>															
Albania	-	-	-	5,000	-	900	-	-	490	1,227	-	28,000	-	35,617	-
Armenia	-	-	-	3,000	70,000	750	-	-	2,600	1,535	-	-	-	77,885	-
ATA Regional - Europe and Eurasia	-	-	-	-	-	-	-	-	17,517	-	-	-	-	17,517	-
Azerbaijan	-	-	-	3,000	46,000	750	-	-	3,230	1,223	-	-	-	54,203	-
Belarus	-	-	-	-	9,500	-	-	-	-	-	-	-	-	9,500	-
Bosnia and Herzegovina	-	-	-	2,500	-	900	-	-	30	-	-	50,000	-	53,430	-
Bulgaria	-	-	-	9,500	-	1,350	-	-	730	2,744	-	28,000	-	42,324	-
Croatia	-	-	15,000	6,000	-	700	-	-	90	-	-	30,000	-	36,790	-
Cyprus	-	-	-	-	-	-	-	-	260	-	-	-	-	15,260	-
Czech Republic	-	-	-	11,000	-	1,900	-	-	400	-	-	-	-	13,300	-
Estonia	-	-	-	6,750	-	1,100	-	-	100	-	-	-	-	7,950	-
European Bank for Reconstruction and Development	-	-	-	-	-	-	-	-	-	-	-	-	35,805	35,805	-
Federal Republic of Yugoslavia	-	-	-	1,000	-	300	-	-	100	-	-	135,000	-	136,400	-
Georgia	-	-	-	7,000	87,000	1,200	-	-	1,100	1,404	-	-	-	97,704	-
Greece	-	-	-	-	-	600	-	-	-	-	-	-	-	600	-
Hungary	-	-	-	11,000	-	1,900	-	-	270	-	-	-	-	13,170	-
International Fund for Ireland	-	-	25,000	-	-	-	-	-	-	-	-	-	-	25,000	-
Irish Visa Program	-	-	4,000	-	-	-	-	-	-	-	-	-	-	4,000	-
Kazakhstan	-	-	-	3,000	43,000	1,000	-	-	1,950	2,783	-	-	-	51,733	-
Kosovo	-	-	-	-	-	-	-	-	-	-	-	85,000	-	85,000	-
Kyrgyz Republic	-	-	-	4,000	36,000	1,100	-	-	1,200	1,304	-	-	-	43,604	-
Latvia	-	-	-	7,000	-	1,100	-	-	1,600	-	-	-	-	9,700	-
Lithuania	-	-	-	7,500	-	1,100	-	-	920	-	-	-	-	9,520	-
Macedonia	-	-	-	11,000	-	650	-	-	190	1,138	-	50,000	-	62,978	-
Malta	-	-	-	1,000	-	300	-	-	480	-	-	-	-	1,780	-
Moldova	-	-	-	1,500	32,500	900	-	-	2,320	2,135	-	-	-	39,355	-
MRA Europe	-	-	-	-	-	-	-	77,000	-	-	-	-	-	77,000	-
NIS Regional Export Controls	-	-	-	-	-	-	-	-	500	-	-	-	-	500	-
OSCE Bosnia	-	-	-	-	-	-	-	-	-	-	17,500	-	-	17,500	-
OSCE Croatia	-	-	-	-	-	-	-	-	-	-	2,300	-	-	2,300	-
OSCE Kosovo	-	-	-	-	-	-	-	-	-	-	12,500	-	-	12,500	-

**FY 2003**  
(\$ in thousands)

	Average	Maximum	Minimum	Standard deviation	Coefficient of variation	Kurtosis	Skewness
ATA Regional - South Asia	-	-	-	-	-	-	-
Bangladesh	33,700	24,720	7,000	9,867	1,017	67,187	45,083

FY 2003

(\$ in thousands)

Countries/Accounts	CSH	DA	ESF	FMF	FSA	IMET	INCLE	MRA	NADR	Peace Corps	PKO	SEED	Other	Total	P.L.480
India	40,785	34,400	25,000	50,000	-	1,000	-	-	1,750	-	-	-	-	152,935	91,288
Maldives	-	-	-	-	-	150	-	-	-	-	-	-	-	150	-
MRA South Asia	-	-	-	-	-	-	-	30,300	-	-	-	-	-	30,300	-
Nepal	20,449	11,247	6,000	3,000	-	500	-	-	-	2,264	-	-	-	43,460	-
Pakistan	12,500	37,500	200,000	50,000	-	1,000	4,000	-	-	-	-	-	-	305,000	-
South Asia Regional Funds	-	-	2,000	-	-	-	-	-	-	-	-	-	-	2,000	-
Southwest Asia Initiatives	-	-	-	-	-	-	3,000	-	-	-	-	-	-	3,000	-
Sri Lanka	300	5,750	4,000	-	-	350	-	-	-	-	-	-	-	10,400	-
<b>Total South Asia</b>	<b>107,734</b>	<b>113,617</b>	<b>244,000</b>	<b>103,000</b>	-	<b>3,750</b>	<b>7,000</b>	<b>30,300</b>	<b>11,617</b>	<b>3,281</b>	-	-	-	<b>624,299</b>	<b>136,371</b>
<b>Western Hemisphere</b>															
Administration of Justice	-	-	11,000	-	-	-	-	-	-	-	-	-	-	11,000	-
Argentina	-	-	-	2,000	-	1,000	-	-	-	-	-	-	-	3,000	-
ATA Regional - Western Hemisphere	-	-	-	-	-	-	-	-	8,442	-	-	-	-	8,442	-
Bahamas	-	-	-	100	-	140	1,200	-	-	-	-	-	-	1,440	-
Belize	-	-	-	300	-	175	-	-	-	1,555	-	-	-	2,030	-
Bolivia	18,513	12,230	10,000	2,000	-	800	91,000	-	-	3,032	-	-	-	137,575	21,525
Brazil	11,821	6,680	-	-	-	500	12,000	-	-	-	-	-	-	31,001	-
Caribbean Regional	4,688	10,000	-	-	-	-	-	-	-	-	-	-	-	14,688	-
Central American Regional	5,412	20,142	-	-	-	-	-	-	-	-	-	-	-	25,554	-
Chile	-	-	-	1,000	-	600	-	-	-	-	-	-	-	1,600	-
Colombia	-	-	-	98,000	-	1,180	439,000	-	-	-	-	-	-	538,180	-
Costa Rica	-	-	-	-	-	400	-	-	-	1,191	-	-	-	1,591	-
Cuba	-	-	6,000	-	-	-	-	-	-	-	-	-	-	6,000	-
Dominican Republic	11,409	8,000	3,500	320	-	500	-	-	-	3,296	-	-	-	27,025	-
Eastern Caribbean	-	-	-	2,130	-	700	-	-	-	2,608	-	-	-	5,438	-
Ecuador	-	7,130	20,000	1,000	-	650	37,000	-	250	3,028	-	-	-	69,058	-
El Salvador	9,636	24,096	-	2,500	-	900	-	-	-	2,760	-	-	-	39,892	-
FTAA Technical Assistance	-	-	1,000	-	-	-	-	-	-	-	-	-	-	1,000	-
Guatemala	11,739	14,960	7,500	-	-	350	3,400	-	-	4,740	-	-	-	42,689	18,013
Guyana	1,000	2,180	-	400	-	275	-	-	-	1,268	-	-	-	5,123	-
Haiti	14,000	11,000	-	400	-	50	-	-	-	1,689	-	-	-	27,139	22,375
Honduras	12,561	22,530	-	-	-	650	-	-	-	4,320	-	-	-	40,061	5,191
Inter-American Development Bank -	-	-	-	-	-	-	-	-	-	-	-	-	29,591	29,591	-
Multilateral Investment Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Inter-American Foundation	-	-	-	-	-	-	-	-	-	-	-	-	14,000	14,000	-
Inter-American Investment Corporation	-	-	-	-	-	-	-	-	-	-	-	-	30,352	30,352	-
Jamaica	3,070	13,710	-	700	-	600	1,300	-	-	2,424	-	-	-	21,804	-
LAC Regional	6,813	53,462	-	-	-	-	-	-	-	-	-	-	-	60,275	-
Latin America Regional	-	-	-	-	-	-	9,500	-	-	-	-	-	-	9,500	-
Mexico	6,200	12,165	12,000	-	-	1,250	12,000	-	-	-	-	-	-	43,615	-
MRA Western Hemisphere	-	-	-	-	-	-	-	14,500	-	-	-	-	-	14,500	-
Nicaragua	7,606	19,730	-	500	-	400	-	-	200	2,874	-	-	-	31,310	10,363
OAS Development Assistance Programs	-	-	-	-	-	-	-	-	-	-	-	-	5,500	5,500	-
OAS Fund for Strengthening Democracy	-	-	-	-	-	-	-	-	-	-	-	-	2,500	2,500	-

**FY 2003**

Countries/Accounts	CSH	DA	ESF	FMF	FSA	IMET	INCLE	MRA	NADR	Peace Corps	PKO	SEED	Other	Total	P.L.488
OAS/IADB Demining	-	-	-	-	-	-	-	-	1,100	-	-	-	-	1,100	-
Panama	-	7,000	3,500	1,000	-	200	9,000	-	-	2,408	-	-	-	23,108	-
Paraguay	2,025	4,600	3,500	-	-	300	-	-	100	3,419	-	-	-	13,944	-
Peru	22,027	18,870	10,000	1,000	-	600	135,000	-	175	1,270	-	-	-	188,942	25,053
Peru-Ecuador Peace	-	-	4,500	-	-	-	-	-	-	-	-	-	-	4,500	-
Suriname	-	-	-	250	-	150	-	-	-	925	-	-	-	1,325	-
Third Border Initiative	-	-	3,000	-	-	-	-	-	-	-	-	-	-	3,000	-
Trinidad and Tobago	-	-	-	400	-	150	-	-	-	-	-	-	-	550	-
Uruguay	-	-	-	1,000	-	450	-	-	-	-	-	-	-	1,450	-
Venezuela	-	-	500	-	-	700	8,000	-	-	-	-	-	-	9,200	-
<b>Total Western Hemisphere</b>	<b>148,520</b>	<b>268,485</b>	<b>96,000</b>	<b>115,000</b>	<b>-</b>	<b>13,670</b>	<b>758,400</b>	<b>14,500</b>	<b>10,267</b>	<b>42,807</b>	<b>-</b>	<b>-</b>	<b>81,943</b>	<b>1,549,592</b>	<b>102,520</b>
<b>Global</b>															
Asia Regional	-	-	-	-	-	-	4,500	-	-	-	-	-	-	4,500	-
Asia-Near East Regional	17,742	55,305	-	-	-	-	-	-	-	-	-	-	-	73,047	-
Asian Development Fund	-	-	-	-	-	-	-	-	-	-	-	-	147,386	147,386	-
ATA Program Management	-	-	-	-	-	-	-	-	10,700	-	-	-	-	10,700	-
ATA WMD Preparedness Program	-	-	-	-	-	-	-	-	1,000	-	-	-	-	1,000	-
Civilian Police Program	-	-	-	-	-	-	5,000	-	-	-	-	-	-	5,000	-
CTBT International Monitoring System	-	-	-	-	-	-	-	-	18,200	-	-	-	-	18,200	-
Demining Administrative Expenses	-	-	-	-	-	-	-	-	675	-	-	-	-	675	-
Demining Crosscutting Initiatives	-	-	-	-	-	-	-	-	5,740	-	-	-	-	5,740	-
Demining Mine Surveys	-	-	-	-	-	-	-	-	5,070	-	-	-	-	5,070	-
Demining New Country Programs	-	-	-	-	-	-	-	-	6,730	-	-	-	-	6,730	-
Demining Research and Training	-	-	-	-	-	-	-	-	1,525	-	-	-	-	1,525	-
Democracy, Conflict & Humanitarian Assistance	23,800	76,300	-	-	-	-	-	-	-	-	-	-	-	100,100	-
Development Credit Program - Admin. Exp.	-	-	-	-	-	-	-	-	-	-	-	-	7,500	7,500	-
E-IMET Schools	-	-	-	-	-	1,800	-	-	-	-	-	-	-	1,800	-
Economic Growth, Agriculture and Trade	-	154,800	-	-	-	-	-	-	-	-	-	-	-	154,800	-
Enhanced International Peacekeeping Capabilities	-	-	-	4,000	-	-	-	-	-	-	-	-	-	4,000	-
Export Control Program Administration	-	-	-	-	-	-	-	-	500	-	-	-	-	500	-
Export Control Regional Advisors	-	-	-	-	-	-	-	-	5,895	-	-	-	-	5,895	-
Export-Import Bank - Administrative Expenses	-	-	-	-	-	-	-	-	-	-	-	-	68,327	68,327	-
Export-Import Bank - Direct Loans, Negative Subsidies	-	-	-	-	-	-	-	-	-	-	-	-	(13,000)	(13,000)	-
Export-Import Bank - Loan Subsidy	-	-	-	-	-	-	-	-	-	-	-	-	541,400	541,400	-
FMF Administrative Costs	-	-	-	37,000	-	500	-	-	-	-	-	-	-	37,000	-
General Costs	-	-	-	-	-	-	-	-	-	-	-	-	-	500	-
Global Development Alliance	-	30,000	-	-	-	-	-	-	-	-	-	-	-	30,000	-
Global Environment Facility	-														

FY 2003

(\$ in thousands)

Countries/Accounts	CSH	DA	ESF	FMF	FSA	IMET	INCLE	MRA	NADR	Peace Corps	PKO	SEED	Other	Total	P.L.480
Human Rights and Democracy Funds	-	-	12,000	-	-	-	-	-	-	-	-	-	-	12,000	-
INL Anticrime Programs	-	-	-	-	-	-	14,000	-	-	-	-	-	-	14,000	-
International Atomic Energy Agency	-	-	-	-	-	-	-	-	50,000	-	-	-	-	50,000	-
Voluntary Contribution	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
International Civil Aviation Organization	-	-	-	-	-	-	-	-	-	-	-	-	300	300	-
International Conservation Programs	-	-	-	-	-	-	-	-	-	-	-	-	6,225	6,225	-
International Contributions for Scientific, Educational, and Cultural Activities	-	-	-	-	-	-	-	-	-	-	-	-	1,750	1,750	-
International Development Association	-	-	-	-	-	-	-	-	-	-	-	-	874,338	874,338	-
International Disaster Assistance	-	-	-	-	-	-	-	-	-	-	-	-	235,500	235,500	-
International Fund for Agricultural Development	-	-	-	-	-	-	-	-	-	-	-	-	15,004	15,004	-
International Law Enforcement Academies	-	-	-	-	-	-	14,500	-	-	-	-	-	-	14,500	-
International Organizations	-	-	-	-	-	-	13,000	-	-	-	-	-	-	13,000	-
International Organizations/Partnerships	326,356	5,000	-	-	-	-	-	-	-	-	-	-	-	331,356	-
International Panel on Climate Change/UN Framework Convention on Climate Change	-	-	-	-	-	-	-	-	-	-	-	-	5,600	5,600	-
International Trust Fund - NADR	-	-	-	-	-	-	-	-	10,000	-	-	-	-	10,000	-
Interregional Aviation Support	-	-	-	-	-	-	65,000	-	-	-	-	-	-	65,000	-
Montreal Protocol Multilateral Fund	-	-	-	-	-	-	-	-	-	-	-	-	23,000	23,000	-
MRA Administrative Expenses	-	-	-	-	-	-	-	16,000	-	-	-	-	-	16,000	-
MRA Migration	-	-	-	-	-	-	-	15,700	-	-	-	-	-	15,700	-
MRA Multiregional Activities	-	-	-	-	-	-	-	56,000	-	-	-	-	-	56,000	-
MRA Refugee Admissions	-	-	-	-	-	-	-	130,000	-	-	-	-	-	130,000	-
Multilateral Investment Guarantee Agency	-	-	-	-	-	-	-	-	-	-	-	-	3,631	3,631	-
NADR Regional Export Controls	-	-	-	-	-	-	-	-	900	-	-	-	-	900	-
Non-Proliferation and Disarmament Fund	-	-	-	-	-	-	-	-	15,000	-	-	-	-	15,000	-
Oceans, Environmental and Science Initiative	-	-	2,000	-	-	-	-	-	-	-	-	-	-	2,000	-
OPIC - Administrative Expenses	-	-	-	-	-	-	-	-	-	-	-	-	39,885	39,885	-
OPIC - Credit Funding	-	-	-	-	-	-	-	-	-	-	-	-	24,000	24,000	-
OPIC - Net Offsetting Collections	-	-	-	-	-	-	-	-	-	-	-	-	(291,000)	(291,000)	-
Partnership to Eliminate Sweatshops	-	-	4,000	-	-	-	-	-	-	-	-	-	-	4,000	-
Peace Corps Other	-	-	-	-	-	-	-	-	-	155,598	-	-	-	155,598	-
Policy Initiatives	-	25,000	20,250	6,000	-	-	-	-	-	-	-	-	-	51,250	775,172
Program & Policy Coordination	4,700	7,400	-	-	-	-	-	-	-	-	-	-	-	12,100	-
Program Development and Support	-	-	-	-	-	-	13,850	-	-	-	-	-	-	13,850	-
Regional Narc. Training and Demand Reduction	-	-	-	-	-	-	5,000	-	-	-	-	-	-	5,000	-
Reserve to be Allocated	-	-	-	-	-	-	-	-	-	-	-	-	25,000	25,000	-
Systems Support and Upgrades	-	-	-	-	-	-	4,000	-	-	-	-	-	-	4,000	-
Terrorist Interdiction Program	-	-	-	-	-	-	-	-	5,000	-	-	-	-	5,000	-
Trade and Development Agency	-	-	-	-	-	-	-	-	-	-	-	-	44,512	44,512	-
Trafficking in Persons	-	-	-	-	-	-	10,000	-	-	-	-	-	-	10,000	-

# Country/Account Summaries ('Spigots')

FY 2003

(\$ in thousands)

Countries/Accounts	CSH	DA	ESF	FMF	FSA	IMET	INCLE	MRA	NADR	Peace Corps	PKO	SEED	Other	Total	P.L.480
Transition Initiatives	-	-	-	-	-	-	-	-	-	-	-	-	55,000	55,000	-
Treasury Technical Assistance	-	-	-	-	-	-	-	-	-	-	-	-	10,000	10,000	-
U.S. Emergency Refugee and Migration Assistance Fund	-	-	-	-	-	-	-	-	-	-	-	-	15,000	15,000	-
UN Children's Fund	-	-	-	-	-	-	-	-	-	-	-	-	120,000	120,000	-
UN Development Fund for Women	-	-	-	-	-	-	-	-	-	-	-	-	1,000	1,000	-
UN Development Program	-	-	-	-	-	-	-	-	-	-	-	-	100,000	100,000	-
UN Environment Program	-	-	-	-	-	-	-	-	-	-	-	-	10,025	10,025	-
UN Voluntary Fund for Technical Cooperation in the Field of Human Rights	-	-	-	-	-	-	-	-	-	-	-	-	1,500	1,500	-
UN Voluntary Fund for Victims of Torture	-	-	-	-	-	-	-	-	-	-	-	-	5,000	5,000	-
USAID Capital Investment Fund	-	-	-	-	-	-	-	-	-	-	-	-	95,000	95,000	-
USAID Inspector General Operating Expenses	-	-	-	-	-	-	-	-	-	-	-	-	32,700	32,700	-
USAID Operating Expenses	-	-	-	-	-	-	-	-	-	-	-	-	572,200	572,200	-
World Meteorological Organization	-	-	-	-	-	-	-	-	-	-	-	-	2,000	2,000	-
World Trade Organization	-	-	-	-	-	-	-	-	-	-	-	-	1,000	1,000	-
Total Global	673,598	357,605	38,250	47,000	-	2,300	148,850	217,700	136,935	155,598	-	-	2,957,596	4,735,432	775,172
Total FY 2003	1,473,967	1,365,533	2,490,000	4,107,200	755,000	80,000	928,000	705,000	372,400	317,000	108,250	495,000	3,265,063	16,462,413	1,185,000

FY 2004

(\$ in thousands)

Countries/Accounts	CSH	DA	ESF	FMF	FSA	IMET	INCLE	MRA	NADR	Peace Corps	PKO	SEED	Other	Total	P.L.480
Africa															
Africa Regional	33,420	64,976	-	-	-	-	7,000	-	-	-	-	-	-	105,396	-
Africa Regional Fund	-	-	14,000	-	-	-	-	-	-	-	-	-	-	14,000	-
Africa Regional Peacekeeping	-	-	-	-	-	-	-	-	-	-	9,000	-	-	9,000	-
African Contingency Operations Training and Assistance	-	-	-	-	-	-	-	-	-	-	15,000	-	-	15,000	-
African Development Bank	-	-	-	-	-	-	-	-	-	-	-	-	5,105	5,105	-
African Development Foundation	-	-	-	-	-	-	-	-	-	-	-	-	17,689	17,689	-
African Development Fund	-	-	-	-	-	-	-	-	-	-	-	-	118,081	118,081	-
Agriculture Initiative	-	43,000	-	-	-	-	-	-	-	-	-	-	-	43,000	-
Angola	11,200	2,500	3,500	-	-	100	-	-	5,300	-	-	-	-	22,600	7,538
Anti-Corruption Initiative	-	6,000	-	-	-	-	-	-	-	-	-	-	-	6,000	-
ATA Regional - Africa	-	-	-	-	-	-	-	-	4,906	-	-	-	-	4,906	-
Benin	7,529	6,892	-	-	-	500	-	-	-	3,079	-	-	-	18,000	4,699
Botswana	-	-	-	1,000	-	700	-	-	-	1,565	-	-	-	3,265	-
Burkina Faso	-	-	-	-	-	50	-	-	-	2,964	-	-	-	3,014	8,353
Burundi	2,500	1,800	3,500	-	-	100	-	-	-	-	-	-	-	7,900	9,500
Cameroon	-	-	-	-	-	200	-	-	-	3,534	-	-	-	3,734	-
Cape Verde	-	-	-	-	-	120	-	-	-	1,498	-	-	-	1,618	3,499
Central African Republic	-	-	-	-	-	150	-	-	-	-	-	-	-	150	-
Chad	-	-	-	-	-	150	-	-	650	1,302	-	-	-	2,102	2,327
Comoros	-	-	-	-	-	50	-	-	-	-	-	-	-	50	-
Congo Basin Forest Partnership	-	15,000	-	-	-	-	-	-	-	-	-	-	-	15,000	-
Cote d'Ivoire	-	-	-	-	-	-	-	-	-	1,728	-	-	-	1,728	-
Democratic Republic of Congo	18,086	6,082	4,250	-	-	100	-	-	-	-	-	-	-	28,518	-
Djibouti	-	-	-	2,000	-	225	-	-	-	-	-	-	-	2,225	-
ECOWAS	-	-	-	-	-	100	-	-	-	-	-	-	-	100	-
Education Initiative	-	50,000	-	-	-	-	-	-	-	-	-	-	-	50,000	-
Equatorial Guinea	-	-	-	-	-	50	-	-	-	-	-	-	-	50	-
Eritrea	5,400	840	-	500	-	450	-	-	1,000	-	-	-	-	8,190	2,256
Ethiopia	37,168	15,438	5,000	500	-	570	-	-	300	-	-	-	-	58,976	20,803
Gabon	-	-	-	-	-	160	-	-	-	2,809	-	-	-	2,969	-
Gambia	-	-	-	-	-	100	-	-	-	2,477	-	-	-	2,577	-
Ghana	22,220	14,575	-	500	-	500	-	-	-	3,421	-	-	-	41,216	21,767
Guinea	6,659	11,095	-	-	-	350	-	-	-	3,325	-	-	-	21,429	4,474
Guinea-Bissau	-	-	-	-	-	100	-	-	-	-	-	-	-	100	-
Kenya	38,513	3,776	8,000	6,500	-	600	-	-	-	3,915	-	-	-	61,304	14,262
Lesotho	-	-	-	-	-	125	-	-	-	2,755	-	-	-	2,880	-
Liberia	2,045	1,100	-	-	-	-	-	-	-	-	-	-	-	3,145	-
Madagascar	8,915	10,945	-	-	-	200	-	-	-	2,596	-	-	-	22,656	12,590
Malawi	21,919	10,555	-	-	-	360	-	-	-	2,555	-	-	-	35,389	4,918
Mali	12,659	17,027	-	-	-	350	-	-	-	4,399	-	-	-	34,435	-
Mauritania	-	-	-	-	-	125	-	-	100	2,373	-	-	-	2,598	3,204
Mauritius	-	-	-	-	-	125	-	-	-	-	-	-	-	125	-
Military Health Affairs	-	-	-	1,500	-	-	-	-	-	-	-	-	-	1,500	-

# Country/Account Summaries ('Spigots')

FY 2004

(\$ in thousands)

Countries/Accounts	CSH	DA	ESF	FMF	FSA	IMET	INCLE	MRA	NADR	Peace Corps	PKO	SEED	Other	Total	P.L.480
Mozambique	24,200	16,061	-	-	-	225	-	-	1,750	2,469	-	-	-	44,705	16,659
MRA Africa	-	-	-	-	-	-	-	209,070	-	-	-	-	-	209,070	-
Namibia	2,500	4,932	-	-	-	225	-	-	150	3,050	-	-	-	10,857	-
Niger	-	-	-	-	-	200	-	-	-	3,138	-	-	-	3,338	6,953
Nigeria	46,300	12,639	5,000	4,000	-	850	-	-	-	-	-	-	-	68,789	-
REDSO/ESA	14,887	7,404	-	-	-	-	-	-	-	-	-	-	-	22,291	-
Regional Center for South Africa	-	12,771	-	-	-	-	-	-	-	-	-	-	-	12,771	-
Regional Organizations	-	-	3,000	-	-	-	-	-	-	-	-	-	-	3,000	-
Republic of the Congo	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rwanda	14,506	4,810	-	-	-	110	-	-	-	-	-	-	-	110	-
Safe Skies	-	-	5,000	-	-	175	-	-	-	-	-	-	-	19,491	12,438
Sao Tome and Principe	-	-	-	-	-	100	-	-	-	-	-	-	-	5,000	-
Senegal	15,825	12,209	-	500	-	1,000	-	-	-	4,036	-	-	-	100	-
Seychelles	-	-	-	-	-	100	-	-	-	-	-	-	-	33,570	5,387
Sierra Leone	500	3,727	5,000	-	-	300	-	-	-	-	-	-	-	100	-
Somalia	411	965	-	-	-	-	-	-	1,300	-	-	-	-	9,527	-
South Africa	31,628	27,457	2,000	6,000	-	1,600	-	-	50	3,293	-	-	-	2,676	-
Sudan	16,426	49,613	15,000	-	-	-	-	-	-	-	-	-	-	72,028	-
Swaziland	-	-	-	-	-	135	-	-	-	1,572	-	-	-	81,039	-
Tanzania	25,164	3,227	-	-	-	230	-	-	-	3,829	-	-	-	1,707	-
Togo	-	-	-	-	-	125	-	-	-	2,746	-	-	-	32,450	-
Trade Initiative	-	25,000	-	-	-	-	-	-	-	-	-	-	-	2,871	-
Uganda	41,795	20,273	-	-	-	200	-	-	-	1,723	-	-	-	25,000	-
West Africa Regional	23,800	5,878	-	-	-	-	-	-	-	-	-	-	-	63,991	18,520
Zambia	40,095	9,632	-	-	-	225	-	-	300	4,003	-	-	-	29,678	1,779
Zimbabwe	15,835	746	4,000	-	-	-	-	-	-	-	-	-	-	54,255	3,100
<b>Total Africa</b>	<b>542,105</b>	<b>498,945</b>	<b>77,250</b>	<b>23,000</b>	<b>-</b>	<b>12,510</b>	<b>7,000</b>	<b>209,070</b>	<b>15,806</b>	<b>76,154</b>	<b>24,000</b>	<b>-</b>	<b>140,875</b>	<b>1,626,715</b>	<b>185,026</b>
<b>East Asia and the Pacific</b>															
ASEAN Regional	-	-	2,500	-	-	-	-	-	-	-	-	-	-	2,500	-
ATA Regional - East Asia and the Pacific	-	-	-	-	-	-	-	-	5,656	-	-	-	-	5,656	-
Burma	2,500	-	6,500	-	-	-	-	-	-	-	-	-	-	9,000	-
Cambodia	22,800	2,000	15,000	-	-	200	-	-	3,000	-	-	-	-	43,000	-
China	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
East Timor	-	-	13,500	2,000	-	150	-	-	-	2,372	-	-	-	2,372	-
Fiji	-	-	-	-	-	200	-	-	-	1,559	2,000	-	-	19,209	-
Indonesia	29,250	31,691	60,000	-	-	600	-	-	4,000	1,557	-	-	-	1,757	-
Kiribati	-	-	-	-	-	-	-	-	-	-	-	-	-	125,541	11,194
Laos	1,350	-	-	-	-	100	-	-	1,700	1,342	-	-	-	1,342	-
Malaysia	-	-	-	-	-	1,200	3,000	-	100	-	-	-	-	6,150	-
Micronesia	-	-	-	-	-	-	-	-	-	-	-	-	-	1,300	-
Mongolia	-	-	10,000	-	-	850	-	-	-	2,021	-	-	-	2,021	-
MRA East Asia	-	-	-	1,000	-	-	-	14,260	-	2,073	-	-	-	13,923	-
Papua New Guinea	-	-	-	-	-	-	-	-	-	-	-	-	-	14,260	-
Philippines	22,000	23,068	20,000	17,000	-	300	2,000	-	-	2,946	-	-	-	300	-



# Country/Account Summaries (Spigots)

FY 2004

(\$ in thousands)

Countries/Accounts	CSH	DA	ESF	FMF	FSA	IMET	INCLE	MRA	NADR	Peace Corps	PKO	SEED	Other	Total	P.L.480
Regional Democracy	-	-	4,000	-	-	-	-	-	-	-	-	-	-	4,000	-
Regional Security Fund	-	-	250	-	-	-	-	-	-	-	-	-	-	250	-
Regional Women's Issues	-	-	3,000	-	-	-	-	-	-	-	-	-	-	3,000	-
Samoa	-	-	-	-	-	150	-	-	-	1,524	-	-	-	1,674	-
Solomon Islands	-	-	-	-	-	50	-	-	-	-	-	-	-	50	-
South Pacific Fisheries	-	-	18,000	-	-	-	-	-	-	-	-	-	-	18,000	-
Southeast Asia Regional Funds	-	-	-	-	-	-	-	-	-	-	-	-	-	700	-
Thailand	3,000	750	-	1,000	-	2,450	2,000	-	1,500	1,922	-	-	-	12,622	-
Tonga	-	-	-	-	-	125	-	-	-	1,145	-	-	-	1,270	-
Tuvalu	-	-	-	-	-	100	-	-	-	1,572	-	-	-	1,672	-
Vietnam	7,200	4,000	-	-	-	100	-	-	1,650	-	-	-	-	12,950	-
<b>Total East Asia and the Pacific</b>	<b>88,100</b>	<b>61,509</b>	<b>152,750</b>	<b>21,000</b>	-	<b>9,275</b>	<b>7,000</b>	<b>14,260</b>	<b>18,306</b>	<b>20,033</b>	<b>2,000</b>	-	-	<b>394,233</b>	<b>11,194</b>
<b>Europe and Eurasia</b>															
Albania	-	-	-	4,000	-	975	-	-	500	1,467	-	28,000	-	34,942	-
Armenia	-	-	-	2,500	49,500	900	-	-	1,000	1,685	-	-	-	55,585	-
ATA Regional - Europe and Eurasia	-	-	-	-	-	-	-	-	19,051	-	-	-	-	19,051	-
Azerbaijan	-	-	-	2,500	41,500	900	-	-	3,300	1,402	-	-	-	49,602	-
Belarus	-	-	-	-	8,000	-	-	-	-	-	-	-	-	8,000	-
Bosnia and Herzegovina	-	-	-	2,000	-	900	-	-	800	-	-	44,000	-	47,700	-
Bulgaria	-	-	-	8,500	-	1,350	-	-	700	3,040	-	28,000	-	41,590	-
Croatia	-	-	-	5,000	-	800	-	-	750	-	-	25,000	-	31,550	-
Cyprus	-	-	7,500	-	-	-	-	-	300	-	-	-	-	7,800	-
Czech Republic	-	-	-	10,000	-	1,900	-	-	-	-	-	-	-	11,900	-
Estonia	-	-	-	6,250	-	1,200	-	-	1,750	-	-	-	-	9,200	-
European Bank for Reconstruction and Development	-	-	-	-	-	-	-	-	-	-	-	-	35,431	35,431	-
Federal Republic of Yugoslavia	-	-	-	-	-	500	-	-	750	-	-	113,000	-	114,250	-
Georgia	-	-	-	10,000	75,000	1,300	-	-	2,100	1,529	-	-	-	89,929	-
Greece	-	-	-	-	-	600	-	-	-	-	-	-	-	600	-
Hungary	-	-	-	10,000	-	1,900	-	-	-	-	-	-	-	11,900	-
International Fund for Ireland	-	-	8,500	-	-	-	-	-	-	-	-	-	-	8,500	-
Irish Visa Program	-	-	4,000	-	-	-	-	-	-	-	-	-	-	4,000	-
Kazakhstan	-	-	-	3,000	32,000	1,200	-	-	2,200	3,130	-	79,000	-	41,530	-
Kosovo	-	-	-	-	-	-	-	-	-	-	-	-	-	79,000	-
Kyrgyz Republic	-	-	-	6,000	40,000	1,200	-	-	1,400	1,673	-	-	-	50,273	-
Latvia	-	-	-	6,250	-	1,200	-	-	1,800	-	-	-	-	9,250	-
Lithuania	-	-	-	7,000	-	1,200	-	-	1,800	-	-	-	-	10,000	-
Macedonia	-	-	-	10,000	-	700	-	-	300	1,389	-	39,000	-	51,389	-
Malta	-	-	-	1,000	-	250	-	-	100	-	-	-	-	1,350	-
Moldova	-	-	-	1,000	23,000	1,000	-	-	1,000	2,398	-	-	-	28,398	-
MRA Europe	-	-	-	-	-	-	-	58,100	-	-	-	-	-	58,100	-
NIS Regional Export Controls	-	-	-	-	-	-	-	-	1,400	-	-	-	-	1,400	-
OSCE Bosnia	-	-	-	-	-	-	-	-	-	-	11,800	-	-	11,800	-
OSCE Croatia	-	-	-	-	-	-	-	-	-	-	900	-	-	900	-

# Country/Account Summaries ('Spigots')

FY 2004

(\$ in thousands)

Countries/Accounts	CSH	DA	ESF	FMF	FSA	IMET	INCLE	MRA	NADR	Peace Corps	PKO	SEED	Other	Total	P.L.480
OSCE Kosovo	-	-	-	-	-	-	-	-	-	-	9,500	-	-	9,500	-
OSCE Regional - Europe	-	-	-	-	-	-	-	-	-	-	9,300	-	-	9,300	-
Poland	-	-	-	12,000	-	2,000	-	-	-	-	-	-	-	14,000	-
Portugal	-	-	-	-	-	850	-	-	-	-	-	-	-	850	-
Regional FSA	-	-	-	-	55,000	-	-	-	-	-	-	-	-	55,000	-
Regional SEED	-	-	-	-	-	-	-	-	-	-	-	-	-	51,000	-
Romania	-	-	-	-	-	-	-	-	-	-	-	-	-	43,462	-
Russia	-	-	-	9,000	-	1,500	-	-	1,000	3,962	-	51,000	-	76,800	-
Science Centers/Bio Redirection	-	-	-	-	73,000	800	-	-	3,000	-	-	28,000	-	59,000	-
Slovakia	-	-	-	8,000	-	950	-	-	59,000	-	-	-	-	59,000	-
Slovenia	-	-	-	4,000	-	950	-	-	300	-	-	-	-	9,250	-
Tajikistan	-	-	-	700	35,000	400	-	-	300	-	-	-	-	5,250	-
Turkey	-	-	200,000	50,000	-	5,000	-	-	600	-	-	-	-	36,400	10,400
Turkmenistan	-	-	-	700	8,000	450	-	-	200	1,795	-	-	-	255,600	-
Ukraine	-	-	-	3,000	94,000	1,700	-	-	2,000	5,410	-	-	-	11,145	-
Uzbekistan	-	-	-	10,000	42,000	1,600	-	-	1,400	2,461	-	-	-	106,110	-
Total Europe and Eurasia	-	-	220,000	192,400	576,000	36,175	-	58,100	109,101	31,341	31,500	435,000	35,431	1,725,048	10,400
Near East															
Algeria	-	-	-	-	-	550	-	-	-	-	-	-	-	550	-
ATA Regional - Near East Asia	-	-	-	-	-	-	-	-	13,087	-	-	-	-	13,087	-
Bahrain	-	-	-	25,000	-	600	-	-	-	-	-	-	-	25,600	-
Egypt	-	-	575,000	1,300,000	-	1,200	-	-	250	-	-	-	-	1,876,450	-
Israel	-	-	480,000	2,160,000	-	-	-	-	-	-	-	-	-	2,640,000	-
Jordan	-	-	250,000	206,000	-	2,900	-	-	1,250	2,326	-	-	-	462,476	-
Lebanon	-	500	32,000	-	-	700	-	-	900	-	-	-	-	34,100	-
Middle East Multilaterals	-	-	3,000	-	-	-	-	-	-	-	-	-	-	3,000	-
Middle East Partnership Initiative	-	-	145,000	-	-	-	-	-	-	-	-	-	-	145,000	-
Middle East Regional Cooperation	-	-	5,000	-	-	-	-	-	-	-	-	-	-	5,000	-
Morocco	-	5,400	-	10,000	-	1,750	-	-	-	3,714	-	-	-	20,864	-
MRA Near East	-	-	-	-	-	-	-	102,320	-	-	-	-	-	102,320	-
MRA Refugees to Israel	-	-	-	-	-	-	-	50,000	-	-	-	-	-	50,000	-
Multinational Force and Observers	-	-	-	-	-	-	-	-	-	-	16,400	-	-	16,400	-
Oman	-	-	-	25,000	-	1,000	-	-	100	-	-	-	-	26,100	-
Saudi Arabia	-	-	-	-	-	25	-	-	80	-	-	-	-	105	-
Tunisia	-	-	-	10,000	-	1,750	-	-	250	-	-	-	-	11,750	-
United Arab Emirates	-	-	-	-	-	-	-	-	-	-	-	-	-	250	-
West Bank/Gaza	-	-	75,000	-	-	-	-	-	-	-	-	-	-	75,000	-
Yemen	-	-	15,000	15,000	-	1,000	-	-	850	-	-	-	-	31,850	-
Total Near East	-	5,900	1,580,000	3,751,000	-	11,475	-	152,320	16,767	6,040	16,400	-	-	5,539,902	-
South Asia															
Afghanistan	21,000	150,000	150,000	150,000	-	600	40,000	-	18,950	-	20,000	-	-	550,550	-
ATA Regional - South Asia	-	-	-	-	-	-	-	-	5,219	-	-	-	-	5,219	-
Bangladesh	32,000	18,850	6,000	-	-	800	-	-	-	1,255	-	-	-	58,905	45,445

FY 2004

(\$ in thousands)

Countries/Accounts	CSH	DA	ESF	FMF	FSA	IMET	INCLE	MRA	NADR	Peace Corps	PKO	SEED	Other	Total	P.L.480
India	40,800	27,100	20,000	5,000	-	1,250	-	-	1,000	-	-	-	-	95,150	45,000
Maldives	-	-	-	-	-	175	-	-	-	-	-	-	-	175	-
MRA South Asia	-	-	-	-	-	-	-	79,040	-	-	-	-	-	79,040	-
Nepal	18,500	14,311	6,000	10,000	-	600	-	-	-	2,402	-	-	-	51,813	-
Pakistan	25,000	50,000	200,000	75,000	-	1,250	38,000	-	6,000	-	-	-	-	395,250	-
South Asia Regional Funds	-	-	2,000	-	-	-	-	-	-	-	-	-	-	2,000	-
Sri Lanka	500	5,000	14,000	1,000	-	500	-	-	1,700	-	1,000	-	-	23,700	-
<b>Total South Asia</b>	<b>137,800</b>	<b>265,261</b>	<b>398,000</b>	<b>241,000</b>	-	<b>5,175</b>	<b>78,000</b>	<b>79,040</b>	<b>32,869</b>	<b>3,657</b>	<b>21,000</b>	-	-	<b>1,261,802</b>	<b>90,445</b>
<b>Western Hemisphere</b>															
Administration of Justice	-	-	7,000	-	-	-	-	-	-	-	-	-	-	7,000	-
Argentina	-	-	-	1,500	-	1,100	-	-	-	-	-	-	-	2,600	-
ATA Regional - Western Hemisphere	-	-	-	-	-	-	-	-	2,297	-	-	-	-	2,297	-
Bahamas	-	-	-	100	-	140	1,000	-	-	-	-	-	-	1,240	-
Belize	-	-	-	200	-	200	-	-	-	1,680	-	-	-	2,080	-
Bolivia	14,402	11,380	8,000	4,000	-	900	91,000	-	-	3,294	-	-	-	132,976	21,655
Brazil	12,011	8,222	-	-	-	500	12,000	-	-	-	-	-	-	32,733	-
Caribbean Regional	6,532	3,480	-	-	-	-	-	-	-	-	-	-	-	10,012	-
Central American Regional	7,628	17,231	-	-	-	-	-	-	-	-	-	-	-	24,859	-
Chile	-	-	-	500	-	600	-	-	-	-	-	-	-	1,100	-
Colombia	-	-	-	110,000	-	1,600	463,000	-	-	-	-	-	-	574,600	-
Costa Rica	-	-	-	-	-	400	-	-	-	1,374	-	-	-	1,774	-
Cuba	-	-	7,000	-	-	-	-	-	-	-	-	-	-	7,000	-
Dominican Republic	13,110	10,600	3,000	320	-	500	-	-	-	3,630	-	-	-	31,160	-
Eastern Caribbean	-	-	-	2,000	-	700	-	-	-	2,939	-	-	-	5,639	-
Ecuador	300	7,130	14,000	15,000	-	650	35,000	-	-	3,311	-	-	-	75,391	-
El Salvador	6,334	28,712	-	2,000	-	900	-	-	-	3,113	-	-	-	41,059	-
Guatemala	10,250	10,700	5,000	-	-	350	3,000	-	-	5,164	-	-	-	34,464	19,030
Guatemala	2,000	2,750	-	100	-	275	-	-	-	1,413	-	-	-	6,538	-
Guyana	21,826	7,150	-	330	-	200	-	-	-	1,929	-	-	-	31,435	23,847
Haiti	13,861	22,226	-	-	-	650	-	-	-	4,306	-	-	-	41,043	5,365
Honduras	-	-	-	-	-	-	-	-	-	-	-	-	32,614	32,614	-
Inter-American Development Bank - Multilateral Investment Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Inter-American Foundation	-	-	-	-	-	-	-	-	-	-	-	-	15,185	15,185	-
Inter-American Investment Corporation	-	-	-	-	-	-	-	-	-	-	-	-	30,898	30,898	-
Jamaica	3,407	13,060	-	600	-	600	1,500	-	-	2,754	-	-	-	21,921	-
LAC Regional	5,161	38,338	-	-	-	-	-	-	-	-	-	-	-	43,499	-
Latin America Regional	-	-	-	-	-	-	5,000	-	-	-	-	-	-	5,000	-
Mexico	4,976	12,265	12,000	-	-	1,275	37,000	-	-	-	-	-	-	67,516	-
MRA Western Hemisphere	-	-	-	-	-	-	-	21,000	-	-	-	-	-	21,000	-
Nicaragua	6,855	24,152	-	500	-	400	-	-	300	3,236	-	-	-	35,443	10,565
OAS Development Assistance Programs	-	-	-	-	-	-	-	-	-	-	-	-	5,500	5,500	-
OAS Fund for Strengthening Democracy	-	-	-	-	-	-	-	-	3,000	-	-	-	2,500	2,500	-
OAS/IADB Demining	-	-	-	-	-	-	-	-	-	-	-	-	-	3,000	-
Panama	-	5,750	3,500	2,500	-	200	9,000	-	50	2,678	-	-	-	23,678	-

# Country/Account Summaries ('Spigots')

FY 2004

(\$ in thousands)

Countries/Accounts	CSH	DA	ESF	FMF	FSA	IMET	INCLE	MRA	NADR	Peace Corps	PKO	SEED	Other	Total	P.L.480
Paraguay	2,025	4,000	3,500	-	-	300	-	-	-	3,815	-	-	-	13,640	-
Peru	16,732	15,316	9,000	2,000	-	700	116,000	-	-	1,455	-	-	-	161,203	20,472
Peru-Ecuador Peace	-	-	4,500	-	-	-	-	-	-	-	-	-	-	4,500	-
South American Regional	1,154	2,400	-	-	-	-	-	-	-	-	-	-	-	3,554	-
Suriname	-	-	-	150	-	150	-	-	-	1,021	-	-	-	1,321	-
Third Border Initiative	-	-	9,000	-	-	-	-	-	-	-	-	-	-	9,000	-
Trinidad and Tobago	-	-	-	300	-	150	-	-	-	-	-	-	-	450	-
Uruguay	-	-	-	1,000	-	450	-	-	-	-	-	-	-	1,450	-
Venezuela	-	-	500	-	-	700	5,000	-	-	-	-	-	-	6,200	-
WHA Regional	-	-	-	-	-	-	-	-	50	-	-	-	-	50	-
<b>Total Western Hemisphere</b>	<b>148,564</b>	<b>244,862</b>	<b>86,000</b>	<b>143,100</b>	<b>-</b>	<b>14,590</b>	<b>778,500</b>	<b>21,000</b>	<b>5,697</b>	<b>47,112</b>	<b>-</b>	<b>-</b>	<b>86,697</b>	<b>1,576,122</b>	<b>100,934</b>
<b>Global</b>															
Asia Regional	-	-	-	-	-	-	1,000	-	-	-	-	-	-	1,000	-
Asia-Near East Regional	14,418	26,218	-	-	-	-	-	-	-	-	-	-	-	40,636	-
Asian Development Fund	-	-	-	-	-	-	-	-	-	-	-	-	151,921	151,921	-
ATA Program Management	-	-	-	-	-	-	-	-	19,300	-	-	-	-	19,300	-
Civilian Police Program	-	-	-	-	-	-	2,700	-	-	-	-	-	-	2,700	-
CT Engagement w/Allies	-	-	-	-	-	-	-	-	2,500	-	-	-	-	2,500	-
CTBT International Monitoring System	-	-	-	-	-	-	-	-	19,300	-	-	-	-	19,300	-
Debt Restructuring	-	-	-	-	-	-	-	-	-	-	-	-	395,000	395,000	-
Demining Administrative Expenses	-	-	-	-	-	-	-	-	900	-	-	-	-	900	-
Demining Crosscutting Initiatives	-	-	-	-	-	-	-	-	4,975	-	-	-	-	4,975	-
Demining Mine Surveys	-	-	-	-	-	-	-	-	3,000	-	-	-	-	3,000	-
Demining New Country Programs	-	-	-	-	-	-	-	-	3,500	-	-	-	-	3,500	-
Demining Research and Training	-	-	-	-	-	-	-	-	1,525	-	-	-	-	1,525	-
Democracy, Conflict & Humanitarian Assistance	3,050	69,452	-	-	-	-	-	-	-	-	-	-	-	72,502	-
Development Credit Program - Admin. Exp.	-	-	-	-	-	-	-	-	-	-	-	-	8,000	8,000	-
E-IMET Schools	-	-	-	-	-	2,000	-	-	-	-	-	-	-	2,000	-
Economic Growth, Agriculture and Trade	-	149,703	-	-	-	-	-	-	-	-	-	-	-	149,703	-
Emergency Plan for AIDS Relief	-	-	-	-	-	-	-	-	-	-	-	-	450,000	450,000	-
Enhanced International Peacekeeping Capabilities	-	-	-	2,000	-	-	-	-	-	-	-	-	-	2,000	-
Export Control Program Administration	-	-	-	-	-	-	-	-	650	-	-	-	-	650	-
Export Control Regional Advisors	-	-	-	-	-	-	-	-	6,020	-	-	-	-	6,020	-
Export-Import Bank - Administrative Expenses	-	-	-	-	-	-	-	-	-	-	-	-	76,575	76,575	-
Export-Import Bank - Direct Loans, Negative Subsidies	-	-	-	-	-	-	-	-	-	-	-	-	(113,000)	(113,000)	-
Famine Fund	-	-	-	-	-	-	-	-	-	-	-	-	200,000	200,000	-
FMF Administrative Costs	-	-	-	40,500	-	-	-	-	-	-	-	-	-	40,500	-
General Costs	-	-	-	-	-	500	-	-	-	-	-	-	-	500	-
<b>Global Development Alliance</b>	<b>-</b>	<b>15,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15,000</b>	<b>-</b>

FY 2004

(\$ in thousands)

Countries/Accounts	CSH	DA	ESF	FMF	FSA	IMET	INCLE	MRA	NADR	Peace Corps	PKO	SEED	Other	Total	P.L.480
Global Environment Facility	-	-	-	-	-	-	-	-	-	-	-	-	184,997	184,997	-
Global Health	306,063	-	-	-	-	-	-	-	-	-	-	-	-	306,063	-
Human Rights and Democracy Funds	-	-	17,000	-	-	-	-	-	-	-	-	-	-	17,000	-
INL Anticrime Programs	-	-	-	-	-	-	9,000	-	-	-	-	-	-	9,000	-
International Atomic Energy Agency	-	-	-	-	-	-	-	-	50,000	-	-	-	-	50,000	-
Voluntary Contribution	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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	-	-	-	-	-	-	-	-	-	-	-	-	976,825	976,825	-
International Disaster Assistance	-	-	-	-	-	-	-	-	-	-	-	-	235,500	235,500	-
International Fund for Agricultural Development	-	-	-	-	-	-	-	-	-	-	-	-	15,004	15,004	-
International Law Enforcement Academies	-	-	-	-	-	-	14,500	-	-	-	-	-	-	14,500	-
International Organizations	-	-	-	-	-	-	13,000	-	-	-	-	-	-	13,000	-
International Organizations/Partnerships	251,500	-	-	-	-	-	-	-	-	-	-	-	-	251,500	-
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	-	2,000	-	-	-	-	-	-	-	-	-	-	-	2,000	-
Millennium Challenge Account	-	-	-	-	-	-	-	-	-	-	-	1,300,000	-	1,300,000	-
Mobile Emergency Training Team	-	-	-	-	-	-	-	-	10,000	-	-	-	-	10,000	-
Montreal Protocol Multilateral Fund	-	-	-	-	-	-	-	-	-	-	-	-	21,000	21,000	-
MRA Administrative Expenses	-	-	-	-	-	-	-	18,500	-	-	-	-	-	18,500	-
MRA Migration	-	-	-	-	-	-	-	16,500	-	-	-	-	-	16,500	-
MRA Multiregional Activities	-	-	-	-	-	-	-	55,657	-	-	-	-	-	55,657	-
MRA Refugee Admissions	-	-	-	-	-	-	-	135,750	-	-	-	-	-	135,750	-
Multilateral Investment Guarantee Agency	-	-	-	-	-	-	-	-	-	-	-	-	4,002	4,002	-
NADR Regional Export Controls	-	-	-	-	-	-	-	-	1,200	-	-	-	-	1,200	-
New Course Development	-	-	-	-	-	-	-	-	2,184	-	-	-	-	2,184	-
Non-Proliferation and Disarmament Fund	-	-	-	-	-	-	-	-	35,000	-	-	-	-	35,000	-
Oceans, Environmental and Science Initiative	-	-	2,000	-	-	-	-	-	-	-	-	-	-	2,000	-
OPIC - Administrative Expenses	-	-	-	-	-	-	-	-	-	-	-	-	42,385	42,385	-
OPIC - Credit Funding	-	-	-	-	-	-	-	-	-	-	-	-	24,000	24,000	-
OPIC - Net Offsetting Collections	-	-	-	-	-	-	-	-	-	-	-	-	(264,385)	(264,385)	-
Partnership to Eliminate Sweatshops	-	-	2,000	-	-	-	-	-	-	-	-	-	-	2,000	-
Peace Corps Other	-	-	-	-	-	-	-	-	-	174,663	-	-	-	174,663	-
Policy Initiatives	-	-	-	-	-	-	-	-	-	-	-	-	-	-	787,001
Program & Policy Coordination	3,400	6,150	-	-	-	-	-	-	-	-	-	-	-	9,550	-
Program Development and Support	-	-	-	-	-	-	13,850	-	-	-	-	-	-	13,850	-
Program Equipment	-	-	-	-	-	-	-	-	5,500	-	-	-	-	5,500	-

# Country/Account Summaries ('Spigots')

FY 2004

(\$ in thousands)

Countries/Accounts	CSH	DA	ESF	FMF	FSA	IMET	INCLE	MRA	NADR	Peace Corps	PKO	SEED	Other	Total	P.L.480
Regional Narc. Training and Demand Reduction	-	-	-	-	-	-	5,000	-	-	-	-	-	-	5,000	-
Reserve to be Allocated	-	-	-	-	-	-	-	-	-	-	-	-	25,000	25,000	-
SA/LW Conference	-	-	-	-	-	-	-	-	100	-	-	-	-	100	-
Systems Support and Upgrades	-	-	-	-	-	-	5,000	-	-	-	-	-	-	5,000	-
Terrorist Interdiction Program	-	-	-	-	-	-	-	-	11,000	-	-	-	-	11,000	-
Trade and Development Agency	-	-	-	-	-	-	-	-	-	-	-	-	60,000	60,000	-
Trafficking in Persons	-	-	-	-	-	-	10,000	-	-	-	-	-	-	10,000	-
Transition Initiatives	-	-	-	-	-	-	-	-	-	-	-	-	55,000	55,000	-
Treasury Technical Assistance	-	-	-	-	-	-	-	-	-	-	-	-	14,000	14,000	-
U.S. Emergency Fund for Complex Foreign Crises	-	-	-	-	-	-	-	-	-	-	-	-	100,000	100,000	-
U.S. Emergency Refugee and Migration Assistance Fund	-	-	-	-	-	-	-	-	-	-	-	-	40,000	40,000	-
UN Children's Fund	-	-	-	-	-	-	-	-	-	-	-	-	120,000	120,000	-
UN Development Fund for Women	-	-	-	-	-	-	-	-	-	-	-	-	1,000	1,000	-
UN Development Program	-	-	-	-	-	-	-	-	-	-	-	-	100,000	100,000	-
UN Environment Program	-	-	-	-	-	-	-	-	-	-	-	-	10,025	10,025	-
UN Guards Contingent in Iraq	-	-	-	-	-	-	-	-	-	-	-	-	700	700	-
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	-	-	-	-	-	-	-	-	-	-	-	-	146,300	146,300	-
USAID Inspector General Operating Expenses	-	-	-	-	-	-	-	-	-	-	-	-	35,000	35,000	-
USAID Operating Expenses	-	-	-	-	-	-	-	-	-	-	-	-	604,100	604,100	-
World Food Program	-	-	-	-	-	-	-	-	-	-	-	-	6,000	6,000	-
World Meteorological Organization	-	-	-	-	-	-	-	-	-	-	-	-	2,000	2,000	-
World Trade Organization	-	-	-	-	-	-	-	-	-	-	-	-	1,000	1,000	-
<b>Total Global</b>	<b>578,431</b>	<b>268,523</b>	<b>21,000</b>	<b>42,500</b>	-	<b>2,500</b>	<b>145,050</b>	<b>226,407</b>	<b>186,654</b>	<b>174,663</b>	-	-	<b>5,047,774</b>	<b>6,693,502</b>	<b>787,001</b>
<b>Total FY 2004</b>	<b>1,495,000</b>	<b>1,345,000</b>	<b>2,535,000</b>	<b>4,414,000</b>	<b>576,000</b>	<b>91,700</b>	<b>1,015,550</b>	<b>760,197</b>	<b>385,200</b>	<b>359,000</b>	<b>94,900</b>	<b>435,000</b>	<b>5,310,777</b>	<b>18,817,324</b>	<b>1,185,000</b>