

## SOUTH ASIA

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**Afghanistan**  
(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
CSH	45,975	21,000	22,000
DA	43,817	150,000	150,000
ESF	49,500	74,558	225,000
ESF-ERF	-	153,000	-
ESF-REIMB	175	-	-
ESF-SUP	167,000	672,000	-
FMF	21,000	49,705	400,000
FMF-ERF	-	77,000	-
FMF-SUP	170,000	287,000	-
IMET	387	600	800
INCLE	-	-	90,000
INCLE-ERF	-	50,000	-
INCLE-SUP	-	170,000	-
NADR-ATA	1,438	7,138	6,000
NADR-ATA-ERF	-	10,000	-
NADR-ATA-SUP	25,000	35,000	-
NADR-EXBS	80	230	250
NADR-HD	5,300	11,400	10,200
NADR-HD-SUP	3,000	-	-
NADR-SALW	-	-	1,000
P.L. 480 Title II	47,356	-	-
PKO	9,898	-	24,000

Ensuring that Afghanistan becomes a stable, democratic state will continue to be a top U.S. national security priority in FY 2005, critical to both regional stability and to success in the global war on terror. With the Constitutional Loya Jirga completed and elections slated for 2004, we must help develop the capacity of the newly elected government to pursue democratic and economic development in 2005. U.S. assistance, in coordination with the Afghan Government and international partners, will continue to focus on three interlocking objectives: improved security, development of democratic governance, and reconstruction. In FY 2005, U.S. assistance will sustain and build on FY 2004 accelerated assistance by: expanding security with accelerated military and police training, judicial sector reform, and a robust counternarcotics strategy; establishing broad-based and accountable governance through new democratic institutions and an active civil society; delivering a peace dividend for ordinary Afghans through economic reconstruction; and providing humanitarian assistance for returning refugees and displaced persons as needed.

Establishing security is a prerequisite for reconstruction and stability in Afghanistan. The United States leads the international effort to train and equip the Afghan National Army (ANA), which is crucial to both long-term Afghan security and U.S. counterterror efforts. The Afghan Government still lacks funds to replace destroyed infrastructure and to provide basic equipment, fuel, supplies, food and munitions for its military, or to provide pay and benefits consistently. While coalition partners have provided substantial help with some requirements for training and equipping, their assistance has not been sufficient to meet

anticipated needs for the 15 ANA battalions trained thus far. The United States has already trained approximately 6,000 ANA troops of a projected force of up to 70,000.

In FY 2004, U.S. assistance began an accelerated ANA train and equip program to expand immediate security and reduce long-term costs by compressing our seven-year program into five years. With the accelerated funding we plan to complete training and equipping the ANA Central Corps and begin establishing the first Regional Corps headquarters in Kandahar. FY 2005 Foreign Military Financing (FMF) funds will be used to sustain accelerated training of new battalions, provide additional infrastructure, sustain trained battalions, and provide higher unit-level training for established battalions. FY 2005 FMF will also be used to provide: individual and unit equipment, including logistic, maintenance, and medical systems; communications and transport equipment; and infrastructure, such as barracks and unit facilities. Peacekeeping Operations (PKO) funds provide salaries for all of the ANA soldiers in training and upon graduation, and support regional recruiting centers throughout the country. As the number of trained ANA soldiers increases, FY 2005 PKO funds are requested to help cover the costs of ANA soldier pay, training, and benefits, as well as pay and benefits for soldiers in functional support institutions and for selected officials in the restructured Ministry of Defense/General Staff. FY 2005 International Military Education and Training (IMET) funds will be used to increase ANA military officer and civilian leadership, professional and functional management, and English language capabilities. Afghanistan will be eligible in FY 2005 to receive grant Excess Defense Articles (EDA) under section 516 of the Foreign Assistance Act.

Establishing a professional national police force of 50,000 by December 2005 is another critical component of Afghan security. The United States is working with Germany, the lead nation for police training in Afghanistan, to train new police officers. The United States has multiplied training capacity by creating a training center that has trained more than 1600 graduates in basic police skills, including international human rights standards. The United States also established a communications system linking all 32 provinces to the Ministry of Interior in Kabul, established an ID card system and personnel database, and provided personal equipment, uniforms, and pay and benefits for police officers. With accelerated funding in FY 2004, we have committed to train nearly 20,000 new police officers by June 2004. FY 2005 International Narcotics Control and Law Enforcement (INCLE) funds will be used to train the remaining 30,000 national police, border police, and highway patrol officers needed by December 2005. FY 2005 INCLE funds will also address equipment and infrastructure needs, including further development and maintenance of law enforcement communications and management systems, enhancements to police physical plant and infrastructure, personnel support (salaries), support for fixed crossing point infrastructure, establishment of a system for monitoring immigration procedures and controls, and developing capacity to conduct interdiction operations and investigations of crimes along the border. Additionally, funds will help develop capacity for border police support for customs functions and will support refurbishment and construction of barracks and checkpoints. FY 2005 INCLE funds will also be used to:

- modernize the Afghan criminal justice sector through: infrastructure development;
- train for judges, prosecutors, and defense attorneys on legal and administrative skills, criminal procedure, modern law enforcement methods, and domestic and international law;
- strengthen institutional capacities with advice on legal drafting, code modernization, and implementation of laws;
- professionalize justice sector personnel by focusing on law schools, encouraging the establishment of a national bar association, and promoting qualifications for judges; and
- improve access to justice programs, including legal aid clinics and reintegration of women judges and attorneys into the legal sector.

Finally, FY 2005 INCLE funds will be used to continue the three-fold counternarcotics effort begun in FY 2004, which integrates alternative development, targeted poppy eradication, and security and law

enforcement efforts. Programs will include continued support for the Afghan Government's aggressive and expanded poppy eradication plan, cash-for-labor infrastructure projects to provide alternative sources of income and assistance to develop licit crops, public awareness programs on drug abuse, and training to build counternarcotics law enforcement and border control capacity.

The United States has successfully trained an indigenous Afghan Presidential Protective Detail for President Karzai with Non-proliferation, Anti-terrorism, Demining, and Related Programs/Anti-Terrorism Assistance (NADR/ATA) funds. This team is now being integrated into the Karzai Protection Detail. FY 2005 NADR/ATA funds are requested to transition from the basic formation of a detail to enabling a U.S. advisory role, as well as to provide advanced training for detail members. We also expect to provide in-country Crisis Management training at Camp Watan, the ATA training facility in Kabul.

FY 2005 NADR/Demining (NADR/HD) funds are requested to extend landmine eradication to new areas, meeting humanitarian objectives while facilitating resumption of economic activity and reconstruction. NADR/HD will continue its focus on technology skills transfer; capacity building; and mine risk education for Afghan non-governmental organizations. FY 2005 NADR-Small Arms/Light Weapons (NADR/SALW) program funding is requested to recover and destroy illicit weapons in Afghanistan, including Man-Portable Air Defense Systems (MANPADS).

FY 2005 NADR/Export Control and Related Border Security Assistance (NADR/EXBS) funding is requested to assist Afghanistan in strengthening its export/border control system to prevent smuggling of items of proliferation concern. The NADR/EXBS program organizes expert-level exchanges addressing subjects such as establishing the legal/regulatory framework to control transfers of weapons and related items, and to enforce such controls at the border. The NADR/EXBS program also provides inspection and detection equipment and training such as hand-held radiation-detection devices.

The December 2001 Bonn Agreement laid out a plan to establish a broad-based, effective, and accountable government in Afghanistan. In accordance with the Bonn Agreement, Afghanistan successfully adopted a new constitution, and presidential elections are planned for 2004. Economic Support Fund (ESF) resources were instrumental in supporting the Constitutional Loya Jirga (CLJ) process, ensuring the safety of all delegates from the selection process through the conclusion of the CLJ. ESF also supported voter registration and moderate political party development and, as of December 2003, provided \$53 million in support to the Government of Afghanistan. FY 2005 ESF will be used to continue support for the Bonn Process, including remaining election costs; training elected government officials; civil society development at the national, provincial, and local level; strengthening nascent political parties; promoting human rights; fostering civil service reform; and promoting independent media development. Support needs for the Government are expected to decrease during FY 2005 as Afghan domestic revenue collection increases, but there will remain a need for U.S. support in FY 2005. ESF will also assist the Government with budget support, infrastructure, and development of revenue generation.

Approximately half of Afghanistan's 26.8 million people are unemployed and live in poverty. Virtually all of the country's institutions and much of its infrastructure have been destroyed. To help assure stability, the newly elected government must demonstrate a concrete and immediate economic "peace dividend" flowing from the Bonn Process. A portion of the requested FY 2005 ESF and Development Assistance (DA) funds will be used to build roads and critical infrastructure including: completion of the Kandahar-Herat leg of the Kabul-Kandahar-Herat highway; construction and repair of secondary and major farm-to-market roads; tunnel and bridge repair; repair of dams and irrigation systems and telecommunications networks; and improving power generation and transmission. Previous ESF funds have supported major infrastructure projects, including completion of the first layer of paving on the Kabul-Kandahar road, the reopening of the Salang tunnel connecting the North and South, and the repair of a dam supplying electricity to Kandahar and surrounding provinces. FY 2005 ESF and DA funds will also support private sector initiatives, such as

market centers and industrial parks, customs clearinghouses, credit and capacity building for small and medium enterprises, and economic governance capacity building. Additional ESF funds will support programs essential to long-term stability, including the continuation of Disarmament, Demobilization, and Reintegration (DDR) of Afghan militias and continued funding for Provincial Reconstruction Team (PRT) projects to extend reconstruction into difficult areas.

Agriculture and the rural economy provide a way of life for between 60 to 70 percent of the Afghan population. FY 2005 DA is requested to help farmers re-establish production, become more profitable and efficient, and improve food security. The Rebuilding Agricultural Markets Program (RAMP) will be completing the third year of a three-year program in FY 2005. The program is designed to build the capacity of private sector input dealers to meet demand through business and marketing skill development. It will also strengthen enterprise capacity to produce and process farm output, and provide value-added processed products to consumers in regional and international markets. RAMP focuses intensively on a few (three to five) agricultural sub-sectors with the objective of assisting those sub-sectors to achieve greater productivity, quality, and comparative advantages. Due to RAMP initiatives and an increase in rainfall, during the first year of the program crop production increased by 82 percent over the previous year. In addition, agricultural programs provided employment for local Afghans, rehabilitated water systems, and promoted alternative crops in poppy-growing areas. Credit programs for operating and investment capital will support production and processing activities. DA-funded rural development programs include: rehabilitating the irrigation sector and providing tools, agricultural equipment, fertilizer, livestock vaccines, and seed for planting; improving access to markets through rebuilding rural roads and bridges; and establishing a credit facility to address the problem of Afghanistan's heavily indebted small farmers.

Additional DA funds will be used to help ensure that every child in the country has access to primary education (grades 1-6) through community-based school construction, as well as textbook production, classroom-based teacher training, and primary school equivalency/accelerated learning. With respect to school construction programs, resources will be directed to areas with low girls' enrollment in order to maximize our investment. In 2003, the United States distributed more than 11 million textbooks and 30,000 teacher-training kits and reconstructed 85 schools. A portion of FY 2005 DA will also support the third year of Sustainable Economic Policy and Institutional Reform Support (SEPIRS) program that will facilitate private sector growth and foreign investment, including, in part, support for the Ministry of Finance and a Central Bank, that will mobilize resources for the Government to become self-financing through transparent and accountable government structures and procedures. The program is designed to facilitate maximum responsiveness to the emerging executive, legislative, and judicial governance structures in Afghanistan, thereby supporting the priority U.S. objective of promoting a rapid and sustainable reconstruction and recovery effort that will improve the living conditions of the population.

Health services are another critical "Bonn dividend." Afghanistan's child mortality rate is among the highest in the world. One of every four Afghan children dies before the age of 5, and adults face a life expectancy of 46 years. Continued Child Survival and Health (CSH) funds will be needed in FY 2005. The Rural Expansion of Afghanistan's Community-based Health (REACH) project, which is designed to bring primary health care services to approximately 11 million Afghans, will be completing its third year in FY 2005. This project includes building or reconstructing large numbers of local primary health care centers, training midwives and traditional birth attendants, immunizing Afghans against childhood diseases, developing a public health education program, utilizing the capacity of radio broadcasting to provide health training and health promotion across the nation and, in partnership with the Ministry of Public Health (MOPH), developing a sustainable foundation for a nationwide health care system that will introduce concepts of cost recovery and privatization. By December 2003, the United States had begun construction of 78 rural health clinics, and had worked with the MOPH to increase the availability of health care nationwide.

Over 2.5 million refugees have returned to Afghanistan since 2001. Although refugee returns are expected to be lower than previous years in Afghanistan, large numbers are still expected to continue to return home in 2005. FY 2005 Migration and Refugee Assistance (MRA) is requested to provide critical humanitarian assistance for Afghan returnees through the United Nations, other international organizations, and NGOs. FY 2005 emergency food aid requirements, should they be needed, will continue to be addressed by P.L. 480 Title II sources, as in FY 2004.

Finally, as in previous years, assistance to Afghan women and girls is a strong crosscutting objective, pursued through democracy and governance, agriculture, economic development, education, health, and private sector and humanitarian support programs. Since the fall of the Taliban, the U.S. Government has implemented over 175 projects directly in support of Afghan women and many more that benefit all Afghans, including building the first women's resource center in Kabul, providing accelerated learning courses to more than 7,000 girls, and maternal health care benefiting 1.2 million women and children. A significant portion of FY 2005 ESF, DA, and CSH funds will be directed specifically at programs to assist women and girls, including:

- democratic institution building, legal capacity strengthening, women's political leadership and participation, and media training;
- income-generating projects, microfinance projects, job skills training, job creation, marketing skills, and technical support for textile projects;
- construction and rehabilitation of schools, provision of schoolbooks and supplies, and food rations as incentives for families to send their daughters to school;
- construction of women's wings in hospitals and dormitories for female medical students;
- curriculum development and training for doctors and health care workers; and
- maternal and child health and nutrition.

**Bangladesh**  
(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
CSH	27,600	36,000	36,300
DA	21,391	18,850	19,187
ESF	4,000	4,971	5,000
IMET	772	800	900
P.L. 480 Title II	38,577	18,238	46,000
Peace Corps	1,248	1,575	2,133

It is in the U.S. interest to assist Bangladesh, the eighth most populous country and one of a handful of moderate Islamic democracies, to meet steep political and economic challenges. Bangladesh remains hampered by strong political divisions and corruption issues. The economic challenges that lead to extremism – poverty, lack of education, and endemic corruption, combined with porous borders and lack of public faith in elected government – have increased the attractiveness of radical alternatives. Bolstering democracy and advancing sustainable development in Bangladesh is, therefore, essential to promoting stability and preventing the future spread of terrorist activity in South Asia.

FY 2005 Economic Support Funds (ESF), Development Assistance (DA), and Child Survival and Health (CSH) requested for Bangladesh are each key to battling corruption and curbing the growth of fundamentalism by improving citizen advocacy and government transparency and responsiveness, while advancing sustainable economic development and reducing poverty.

Good governance is a prerequisite for sustainable, democratic development in Bangladesh. FY 2005 DA for democracy is requested to: intensify anticorruption efforts begun in FY 2003; support political party reform to help overcome divisiveness and improve accountability; help level the political playing field for the upcoming 2006 elections through technical assistance and sub-grants to NGOs increasing citizen awareness of elected government at all levels; build advocacy skills; and promote human rights. FY 2005 ESF will complement these efforts through additional support for political party reform.

U.S. support has helped establish a government anticorruption strategy and assisted Transparency International (TI) to increase government accountability, resulting in TI's attracting an additional \$6 million from donors to expand its efforts. Funds have supported the establishment of a decentralization debate at the local level and established the Municipal Association of Bangladesh. DA funds supported an NGO that assisted the return of 52 trafficked women, children, and men, and aided in the arrest 76 trafficking suspects and conviction of 15 traffickers.

FY 2005 DA is also requested to help diversify the economy and accelerate economic growth, particularly in the information, energy, and technology sectors, through technical assistance and training to promote and develop more market-oriented policies, laws, and regulations. FY 2005 DA funds will be used to improve productivity and competitiveness of small enterprises in targeted sectors. U.S. support for energy reform efforts focuses on establishing the Energy Regulatory Commission and aims at reducing corruption. DA-funded technical assistance will help establish community-based natural resource management capacity for open water and tropical forest resources, provide assistance in food security policy, and promote agricultural diversification to increase food availability. These goals will primarily be met through agricultural research (including ESF-funded activities in biotechnology and biosafety) and agricultural extension projects (including assistance to family-run farms).



U.S. assistance has supported the growth of market-oriented policies and practices. DA programs have helped to increase exports and sales/earnings for assisted businesses to over \$65 million. DA assistance also resulted in sales growth for agriculture. Improvements in water management include floodplain management and 66 new fish sanctuaries. In addition, U.S. assistance increased natural gas production and electrification. With U.S. support, a draft Secured Transaction law is under review by the Law Commission, and a draft Information Technology law is under review by the Ministry of Science and Information and Communications Technology. A portion of FY 2005 ESF will be used to help map and alleviate the problem of arsenic contamination of well water (which affects as many as 28 million Bangladeshis), and to fund arsenic-related research in a variety of health and food related areas. Progress in arsenic research will help find the most appropriate and cost effective mitigation measures. ESF funds will also support cooperative research in biotechnology and seismic mapping that will contribute to national disaster preparedness. Additionally, ESF funds will support banking supervision and assistance to the Central Bank and information and communications technology development.

Finally, FY 2005 DA will be used to improve early childhood and primary education. Assistance will increase early childhood development opportunities including through a new Sesame Street Bangladesh co-production; promote innovative learning methodologies; and expand community and family involvement in schools to strengthen demand for educational opportunity. FY 2003 funding helped improve the education of more than 40,000 students in 337 primary schools and 72 preschools; created a “reading buddy” program (in which fourth and fifth graders mentor first and second graders in reading and math), and created after-hours “learning camps” serving more than 14,000 students.

FY 2005 CSH funding targets essential reproductive and maternal health care needs. Bangladesh remains one of the poorest and most populous countries in the world with nearly half of its 133 million people living below the national poverty level of \$1 per day. CSH assistance will improve the availability of health care through continued support for local NGOs that provide health services to more than 20 million Bangladeshis, most of whom are women and children. USAID’s NGO Service Delivery program is a model for expanding the role of the NGO sector and is being looked at by other donors. CSH funds will also provide limited assistance for HIV/AIDS prevention through behavior change in high-risk groups. In addition, CSH funds, through a grant to the World Health Organization, will provide limited support for polio eradication activities in urban areas.

FY 2005 International Military Education and Training (IMET) funds will be used to strengthen our relationship with the Bangladeshi military and ensure that it remains apolitical, which is critical to this fragile democracy. IMET assistance will continue the professional development of Bangladeshi military officers who respect civilian rule of law and who will have influence in shaping their respective services. This assistance will also: further develop Bangladesh Armed Forces’ peacekeeping skills (Bangladesh is the world’s largest contributor to international peacekeeping operations); pay for U.S. training for officers to serve as instructors at Bangladesh’s regional Peacekeeping Center; and enhance interoperability of U.S. and Bangladeshi forces during international peacekeeping and humanitarian assistance missions. Bangladesh will be eligible in FY 2005 to receive grant Excess Defense Articles (EDA) under section 516 of the Foreign Assistance Act.

**India**  
(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
CSH	47,438	48,300	43,400
DA	34,495	25,739	25,400
ESF	10,500	14,912	15,000
IMET	1,000	1,250	1,400
NADR-EXBS	1,000	685	685
P.L. 480 Title II	44,849	20,218	44,849

The United States continues to strengthen its strategic partnership with India, an emerging global power and the world's largest democracy. The United States' partnership with India spans multiple strategic and programmatic fronts, and will continue the further expansion of its military, political, and economic relationships through the U.S.-India Defense Policy Group, the U.S. -India Economic Dialogue, the U.S.-India Counterterror Joint Working Group, and through sharing views on important international issues. Working through the High Technology Cooperation Group, the United States and India also plan to expand high technology trade. Consistent with U.S. national laws, regulations, and international nonproliferation commitments, we plan to increase cooperation in civilian nuclear and space areas, and encourage India, through bilateral dialogue and technical export control cooperation, to align its export controls with international standards and stem onward proliferation. The United States and India also continue their cooperation in health, science, disaster management, and environmental issues.

FY 2005 Economic Support Fund (ESF) funds for India will enable high-profile initiatives that target India's most challenging economic problem – ballooning fiscal deficits – and areas that contribute to civil unrest. Given India's size, programs will operate initially in a limited number of localities before expanding their scope. The FY 2005 ESF request for India has several components. First, a finance-for-investment component will support state fiscal reforms to reduce deficits that restrict social sector funding. Funds will support efforts to improve management systems and to increase efficiencies to capture new resources needed for health, education, and physical infrastructure improvements. Concurrently, new capital markets that can fund infrastructure investments and attract direct foreign investment will be deepened and regulated. Prior year ESF funds have assisted the Securities and Exchange Board of India to establish a new division to enable it to meet emerging and future regulatory challenges; create a framework for the testing and licensing of securities market intermediaries; and develop a database of certified securities market intermediaries. Second, a disaster mitigation management initiative will assist national, state, and local systems in their preparation for and response to costly natural or man-made disasters by installing cutting-edge disaster management systems and equipment. Third, an infrastructure-for-growth component will partner with local municipalities to help implement local plans to improve power sector distribution, as well as create opportunities for water and urban infrastructure finance. Funds for this component will support reforms that open infrastructure to private investment, thereby increasing municipalities' access to India's capital markets, improving cost recovery, and extending sustainable, quality services. With support from prior year ESF funds, the states of Tamil Nadu and Karnataka were able to develop the financing needed for water and sanitation projects. Finally, an education and opportunity component focusing on women, minorities, and out-of-school youth will provide practical training to enhance job options.

U.S. Development Assistance (DA) programs help ensure that the economic aspect of our partnership moves forward with the same vigor as other elements, provide direct support for Indian-generated reforms essential for economic stability, and promote economic reform and growth in areas where U.S. enterprises are well positioned to compete, such as power generation and distribution. FY 2005 DA funds will support

ongoing macroeconomic growth initiatives, including programs that aim to increase the capacity of financial markets, strengthen state-level fiscal discipline, and help local and national governments raise and allocate resources. Investments in agriculture activities are expected to increase the private sector's share in food grain marketing and ultimately decrease selected agricultural subsidies. DA will be used to provide financial support to the United Nations Development Program's Natural Disaster Risk Management activity which seeks to mainstream disaster risk management at all levels by focusing on strengthening governmental and institutional capacities to provide multi-hazard risk management and sustainable recovery plans at the community and district levels in hazard-prone states. The DA program to increase environmental protection focuses on improving power distribution, groundwater management, and urban water availability and sanitation. The DA-funded social and economic opportunities for vulnerable people program includes the following components: improved access to quality education for vulnerable children; better access to justice for women; and new and expanded social and economic opportunities for vulnerable people.

FY 2005 Child Survival and Health (CSH) funds are requested to increase the use of reproductive health services, prevent HIV/AIDS and other infectious diseases, promote child survival, and improve access to and availability of TB treatment. We will continue CSH-funded activities to improve reproductive and child health services with an emphasis on developing models of appropriate engagement between the public and private sectors. The HIV prevention program will be expanded by adding new activities to address special needs such as: children affected by AIDS, improved HIV surveillance through laboratory strengthening and training, and models for voluntary testing and counseling and care and support. The FY 2004 Child Survival Intervention activities will continue with planned expansions in the areas into urban environs where poor, migrant, slum-dwelling populations exhibit high rates of mortality and morbidity due to childhood diseases, HIV and TB. CSH will be used to expand its current support for model TB delivery and research in Tamil Nadu and for Directly Observed Therapy Short course (DOTS) delivery in Haryana. Finally, innovative links to the private sector medical community and testing of a new TB diagnostic will be explored.

FY 2005 International Military Education and Training (IMET) funds requested will focus on exchange programs to enhance familiarity with each other's armed forces, strengthen professionalism, and facilitate cooperation during joint exercises and strategy discussions. These funds will nurture the close partnership we are forming with India. India will be eligible in FY 2005 to receive grant Excess Defense Articles (EDA) under section 516 of the Foreign Assistance Act.

FY 2005 Nonproliferation, Anti-terrorism, Demining, and Related Programs/Export Control and Related Border Security Assistance (NADR/EXBS) funds are requested to continue activities to assist India in bringing its export controls in line with international standards. These funds will build on completed and currently scheduled expert-level exchanges addressing subjects such as legal/regulatory reform, licensing automation, and customs enforcement.

## Maldives

(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
IMET	139	175	175

The Government of Maldives supports U.S. strategic goals in the region and globally, including the global war on terrorism, and continues to provide access to ports, landing fields, and airspace in support of U.S. missions. U.S. priorities in this small archipelago nation are to maintain stability by strengthening its democratic institutions and to coordinate policies in international organizations, especially on such issues as drug trafficking, nonproliferation, international crime, terrorism, and the environment. Absent a U.S. mission in Maldives, engagement continues through regular diplomatic exchanges managed by the U.S. Embassy in Sri Lanka, through the International Military Education and Training (IMET) programs, and through South Asian regional programs.

FY 2004 IMET funding sent a limited number of Maldivian officers and non-commissioned officers to military and technical schools in the United States. FY 2005 IMET funds will continue these military educational opportunities, with the purposes of further professionalizing the Maldivian military; fostering increased awareness of human rights concerns and proper civilian-military relations; and building positive military relations to enhance existing cooperation with the United States. IMET is particularly significant to our bilateral relationship with Maldives because it is our only foreign assistance to this moderate Islamic nation, which seeks closer ties to the United States.

**Nepal**  
(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
CSH	19,899	24,840	23,350
DA	10,247	11,274	11,000
ESF	4,000	4,971	5,000
FMF	2,950	3,975	1,000
IMET	500	600	650
Peace Corps	2,624	2,505	2,887

Nepal is struggling with the dual challenges of revitalizing and cementing a fragile, young democracy, while fighting a violent Maoist insurgency that has left over 8,000 people dead. Strengthening Nepal to prevail against the growing Maoist threat is key to achieving U.S. regional and bilateral goals, including preventing the spread of terror, enhancing regional stability, promoting democracy, and protecting U.S. citizens in Nepal. Maoist insurgents employ widespread violence, torture, assassinations, and kidnappings aimed at overthrowing the constitutionally established Government. If left unchecked, the conflict could threaten regional stability and provide a breeding ground for international terrorists. In assisting the Government to contain the insurgency, the United States helps show the Maoists that they cannot achieve their goals through violence and must negotiate a settlement.

Ordinary Nepalis are increasingly frustrated that the popular democratic reform of 1990 has not yet been translated into improvements in their lives, which is an underlying factor contributing to the Maoist insurgency. U.S. support for Nepal's counterinsurgency consists of a multi-track approach including counterterrorism training and equipment for the military and police, targeted rural development in areas vulnerable to Maoist influence, help in strengthening weak democratic institutions, and human rights training.

By assisting the Government of Nepal to contain the insurgency, the U.S. Government helped to bring the insurgents back to the negotiating table in early 2003. After the collapse of the seven-month long ceasefire in August 2003, U.S. assistance is helping the Government of Nepal exert pressure on the Maoists to return to negotiations. Continued U.S. support will be critical in helping the Government to prevail against the insurgents, and can help reach a peaceful settlement to the conflict, preserve a democratic government friendly to the United States, and prevent the possibility of Nepal failing as a state. FY 2005 Foreign Military Funding (FMF) is requested to provide the Government of Nepal with the tools it needs to re-establish sufficient security to carry out political, economic, and development programs contributing to a long-term solution to the conflict. FY 2005 FMF will provide moderate levels of funding which, with IMET- and JCET-funded training, will help provide a growing Royal Nepal Army (RNA) with the capability to prevail against the Maoist insurgents. High priority items include M-16 rifles, grenade launchers, and M-4 carbines to outfit a new ranger battalion. Additional high priority items include night vision goggles, body armor, secure communications equipment, armor plating, and support for a Government of Nepal program to refurbish Huey II helicopters in order to address the RNA's need for improved mobility. Nepal will be eligible in FY 2005 to receive grant Excess Defense Articles (EDA) under section 516 of the Foreign Assistance Act.

The United States has refocused its International Military Education and Training (IMET) program in Nepal to address the RNA's intelligence, civil affairs, psychological operations, special forces, medical, and logistics needs. FY 2005 IMET funds are requested for training to improve the skills and professionalism of the military, including respect for human rights. IMET and FMF projects will also enhance the RNA's

considerable contributions to international peacekeeping operations. FY 2003 IMET funding trained 73 RNA officers.

The Maoist insurgency and consequent increase in government military expenditures have significantly set back economic and political development and reforms. FY 2005 Economic Support Fund (ESF) will address the underlying causes of the insurgency in areas vulnerable to Maoist control. FY 2005 ESF programs focus on ameliorating the suffering of conflict-affected individuals and communities, strengthening capacity for conflict resolution and peace building, and increasing income opportunities through: employment-generating infrastructure projects; providing support services to victims of the conflict; assisting the Government's negotiation efforts, and civil society's efforts to address the conflict through community peace-building projects; and enhancing community capacity to resolve disputes and participate in local governance. Programs will be flexible enough to allow continuance whether or not a violent conflict is in play. To address immediate needs, ESF will fund highly visible community-identified rural infrastructure projects that generate short-term employment and reflect local priorities. Longer-term income-generating programs such as credit programs, literacy and numeracy training, and support for improved agricultural practices will also be provided. In addition, ESF will be used to fund anticorruption and justice sector reform programs. FY 2003 ESF funded a road construction project that employed approximately 600 people in an area where non-farm income is scarce. FY 2003 ESF funds also provided training on election campaigning and leadership skills to approximately 7,000 politically active women, resulting in many women occupying key positions within their parties. In addition, coalitions of women were formed that were able to get commitments from their parties to increase the percentage of female candidates from 5 percent to 30 percent in the next elections.

Development Assistance (DA) and Child Survival and Health (CSH) funds requested for FY 2005 will complement FY 2005 ESF funds and will focus on meeting Nepal's long-term development needs in response to the Maoist insurgency. FY 2005 DA and CSH funds will be used to:

- support improved management of community forests and irrigation systems, small scale farm and forest development (including marketing), improve agricultural growth policy, and enhance public-private partnerships;
- improve and protect the health of Nepalese families by increasing access to and use of quality maternal and child health services, prevent the transmission of HIV/AIDS, and control infectious diseases;
- increase private sector participation in environmentally sound and sustainable hydropower; and
- address critical problems of corruption, poor governance, weak rule of law, and inconsistent democratic practices that slow economic development, fuel the Maoist insurgency, and erode public confidence.

In FY 2003, more than 2,300 torture victims benefited from medical, psychosocial, and legal support provided by DA funds. Over the last six years, DA has funded agricultural and natural resource programs that have benefited 1.8 million farm family members through increased incomes and employment, and has been used to strengthen community and collective action. Since 1995, when DA began funding a hydropower program, private sector investment in the power sector has increased by \$360 million and access to electricity has increased from 15 percent to 18 percent. CSH funds have contributed to a 40 percent decline in mortality for children under five over the last five years.

The work of Peace Corps Volunteers in Nepal further expands U.S. development assistance in education, health, and the environment.

**Pakistan**  
(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
CSH	15,645	25,600	21,050
DA	34,500	42,350	29,000
ESF	188,000	-	300,000
ESF-SUP	-	200,000	-
FMF	49,500	74,560	300,000
FMF-SUP	175,000	-	-
IMET	990	1,250	2,000
INCLE	6,000	36,500	40,000
INCLE-SUP	25,000	-	-
NADR-ATA	517	3,645	6,000
NADR-EXBS	200	535	1,000
NADR-SALW	-	-	1,000
P.L. 480 Title II	6,792	5,849	-

A strong U.S.-Pakistan partnership remains critical to continued progress in the global war on terrorism and regional stability. FY 2005 security assistance to Pakistan will enhance its ability to cooperate with Operation Enduring Freedom (OEF) to eliminate al-Qaida and promote stability on its borders. Assistance supporting education, healthcare, democratization and economic development will alleviate conditions that breed extremism by helping strengthen social, political and economic institutions in ways visible to ordinary Pakistanis.

Since September 11, 2001, FMF assistance has provided or helped maintain necessary training and equipment for Pakistani forces assisting in OEF operations against al-Qaida operatives and Taliban remnants. Improved border security and control along the Pakistan border with Afghanistan is required to help win the war on terror. FY 2005 Foreign Military Financing (FMF) funds are requested to help achieve our immediate OEF goal to neutralize al-Qaida elements in the border region by providing the Government with equipment and training necessary for effective cooperation with the United States. FMF will help train and equip Pakistan Army Air Assault units to locate and target al-Qaida in remote areas where conventional ground tactics would not ensure success. FMF will fund aircraft, helicopters, night vision goggles, multi-band radios and other equipment critical to conducting operations for both ground and aviation units. Funds for P-3 aircraft for airborne surveillance and other naval weapons and surveillance systems are necessary for the tracking and interdiction of maritime drug smuggling and al-Qaida operatives. Funds may also be used to sustain and acquire additional training and U.S.-origin equipment, including fighter training, ground support equipment, and high mobility transport vehicles -- the types of systems required to enhance border security and reduce the presence of al-Qaida and Taliban remnants within Pakistan. Pakistan will continue to be eligible in FY 2005 to receive grant Excess Defense Articles (EDA) under section 516 of the Foreign Assistance Act.

FY 2005 International Narcotics Control and Law Enforcement (INCLE) funds will continue to improve the effectiveness of Pakistan's law enforcement efforts in three areas: border security, law enforcement coordination and development, and counternarcotics. INCLE funds requested for border security will enhance the capacity of law enforcement agencies in Pakistan to secure the western border from terrorists, criminal elements, and narcotics traffickers. U.S. assistance will provide: ongoing support for rotary and fixed-wing air assets based in Quetta and Peshawar; vehicles, communications, surveillance and related

equipment for border control; the establishment of a forward operating base in the Northwest Frontier Province; advanced training to improve the skills of units working on the border; and financing for the construction of new roads to facilitate law enforcement access to currently inaccessible parts of the Federally Administered Tribal Areas (FATA), a program begun in previous years. INCLE funds for border security have enabled the establishment and maintenance of a border surveillance air wing and a forward operating base in Quetta, as well as preparations for FATA road construction.

Pakistani law enforcement institutions require top to bottom reform, coordination, and capacity building to become fully effective. FY 2005 INCLE funds for law enforcement development will provide technical assistance and training to develop and implement strategic plans for law enforcement services and education; establish internal control functions; enhance capabilities of the provincial and national law enforcement academies; continue to improve the criminal investigative capacities of law enforcement personnel; equip forensics laboratories; provide appropriate vehicles and communications equipment to link police at the local, provincial, and federal levels; introduce police leadership and police supervision curricula to police training institutions; and introduce community policing concepts. U.S. programs have already begun strengthening the Ministry of Interior, Frontier Corps, Federal Investigation Agency, Provincial, and Home Departments police forces.

FY 2005 INCLE funds will also support the Pakistani Anti-Narcotics Force, including in the areas of opium poppy surveys and eradication; assist the counternarcotics courts; expand crop control programs into areas of new or expanded cultivation, and support drug demand reduction programs. U.S.- supported road construction enhanced law enforcement accessibility and increased alternative crop development in the 1990s, nearly eliminating poppy production by 2000. The Government is committed to reversing 2002 and 2003 production increases, and U.S.-assisted Pakistan law enforcement agencies in 2003 coordinated major heroin and hashish seizures and dramatically increased operations against traffickers.

The FY 2005 security assistance request for Pakistan includes International Military and Education Training (IMET) to promote military-to-military cooperation, increased professionalism, including respect for civilian rule and general interoperability between Pakistan and the United States. IMET will also help Pakistan to develop expertise and systems to manage its defense establishment effectively; build technical skills for effective operation and maintenance of U.S.-origin equipment leading to development of indigenous training capabilities on such equipment; and promote respect for human rights and subordination to democratic civilian rule. Reestablishment of the IMET program in 2002 has exposed current and future military leaders to U.S. military doctrine, management techniques and ethos.

Funding for the FY 2005 Nonproliferation, Anti-terrorism, Demining, and Related Programs/Export Control and Related Border Security Assistance (NADR/EXBS) program is requested to fund activities to assist Pakistan in preventing technology transfers that raise proliferation concerns by strengthening its export control system. The NADR/EXBS program organizes expert-level exchanges addressing subjects such as legal/regulatory reform, licensing automation, and customs enforcement. The NADR/EXBS program also provides technical equipment and training such as specialized radiation-detection and imaging machines and more general inspection/detection training for border control personnel. The U.S. program initiated in 2003 included a senior policy seminar in Washington and Pakistani customs and border control training for Pakistani personnel at the U.S.-Mexico border. Additional exchanges are planned for 2004.

The United States has had discussions with the Pakistani Government on combating the spread of Man Portable Air-Defense Systems (MANPADS). We expect these cooperative efforts to lead to a joint program in FY 2005 supported by NADR Small Arms and Light Weapons (SA/LW) funds.

The FY 2005 NADR requested for Pakistan also includes Anti-terrorism Assistance (NADR/ATA) funding to ensure that training programs being delivered to vetted, elite national police units with a national mandate



for counter-terrorism investigation and tactical operations can continue until they are fully trained and equipped. These units will be provided with additional mission-specific training to respond to and investigate acts of terror anywhere in Pakistan. The additional training will be determined by the needs identified by the ATA in-country training program, the Pakistani Government, and assessments conducted by the Department of State's Bureau of Diplomatic Security. This funding is essential to achieving a requisite level of counter-terrorism capability in Pakistan and to ensuring that such a capability can be independently sustained over the long-term.

FY 2005 Economic Support Fund (ESF) resources are requested to continue U.S. support for macroeconomic stabilization in Pakistan and to assist government education, healthcare and democratization efforts. Up to \$200 million of FY 2005 ESF funds will be provided as non-project assistance (budget support and/or debt relief) to allow the Government fiscal flexibility to carry out economic and social reforms and expand its poverty alleviation programs. Additional ESF funds will be used for programs in the education, health, and governance and economic growth sectors, complementing and multiplying the effectiveness of Development Assistance (DA)-funded programs as described below. ESF funds will also enable existing U.S. programs to expand and reach greater numbers of poor Pakistanis, leveraging the popular support needed for Pakistan's continuing cooperation with OEF. The \$600 million in U.S. budget support provided in 2001 allowed the Government to continue and even increase its social sector spending during a period of economic and fiscal crisis caused by war in neighboring Afghanistan. FY 2003 ESF reduced Pakistan's U.S. bilateral debt burden by \$1 billion, and planned FY 2004 ESF for this purpose would further reduce bilateral debt by approximately \$460 million. U.S. debt reduction and prior comprehensive donor debt rescheduling enabled Pakistan to reduce its total debt from 100 percent of GDP in 2001 to 84 percent of GDP in 2003.

Pakistan's national elections in October 2002 restored civilian government at the national and provincial levels that, over the next few years, must prove more responsive and accountable than previous civilian governments. Passage of a constitutional reform package in December 2003 cleared the way for parliament to resume operations, and an ambitious devolution program has begun to revitalize accountable local government. U.S. democracy assistance is designed to help Pakistani legislators become effective participants in the political process at the national and provincial levels, support devolution by strengthening accountable and participatory governance at the local level, and strengthen civil society, political parties, and independent media.

FY 2005 DA requested for the U.S. democracy and governance program will support informed policy analysis in the national and provincial assemblies by training legislators -- including women elected for the first time -- and by linking think tanks, consultants or university experts with legislators to help them write better laws or hold the Government accountable. DA also will support programs that strengthen district government and community capacity to jointly develop and manage community development projects; foster new leadership and accountability in issue-based civil society organizations such as think tanks and political parties; improve the effectiveness of new or small Pakistani NGOs that focus on social and economic issues at the local level; and promote national and grassroots political party reform. Finally, DA will support programs that strengthen Pakistan's emerging private radio and other independent media to assure responsible news and public debate on the radio and provide journalists and the public with ample opportunity to monitor and debate the work of their elected representatives.

A portion of FY 2005 ESF funds will further strengthen local government institutions, including through training of 40,000 new women counselors. The United States has maintained decades-long support for Pakistani civil society, trained local officials elected in 2001, and supported election monitoring and trained legislators elected in 2002. U.S. support for independent media, including support for private radio reaching illiterate Pakistanis, has enabled the creation of a station that transmits into the FATA, as well as a highly successful journalist training program at Peshawar University, and a full-production studio for

women's programming in Islamabad. U.S.-supported NGOs have conducted nationwide grassroots on policy issues and are formulating a national action agenda.

To promote grassroots support for the Government's reform efforts, as well as U.S.-Pakistani counterterrorism cooperation, DA and Child Survival and Health (CSH) programs in Pakistan are designed to provide tangible benefits for ordinary citizens, especially the poor. FY 2005 DA and ESF grassroots development programs will increase access to and availability of microcredit and microfinance services in Baluchistan, Sindh and other underdeveloped regions in Pakistan. These funds will also help small-scale farmers to improve agriculture management in drought stricken areas of Baluchistan.

Education is key to improving Pakistan's economic and political development prospects amid poor literacy and low school enrollment and student retention rates. FY 2005 DA is requested to continue a successful \$100 million five-year U.S. education program to improve the quality of education in Pakistani primary and secondary schools, especially in Baluchistan and Sindh provinces. U.S. funds are supporting non-governmental organization grants to improve early childhood education, increase parental and community involvement in schools, and ensure that teachers have adequate classroom materials. Adult and youth literacy education programs will target out-of-school youth and illiterate adult populations with a focus on women and girls. A portion of FY 2005 ESF funds will provide scholarships for future leaders of Pakistan to earn Masters degrees at U.S. universities and to increase the numbers of need- and merit-based scholarships for deserving but poor Pakistanis to study at leading local universities, including premier business and agriculture universities. DA funded programs have begun to show results in the areas of NGO-provided teacher training; rural in-service training; early childhood education; adult literacy; and community-school partnerships. These trained teachers are now using viable education/management plans.

Pakistan has a very high population growth rate, and 26 percent of children are moderately to severely underweight. FY 2005 CSH funds are requested to increase the availability of maternal and child health services, especially in rural areas; improve the quality of health care at the provincial and district level through better management of health resources; and help maintain Pakistan's low HIV prevalence rate by increasing awareness, especially among adolescents and youth. A portion of FY 2005 ESF funds will upgrade local hospitals, including burn units in district health clinics that will help save the lives of women injured in domestic disputes. These funds will also improve water and sanitation in communities throughout Pakistan.

**Sri Lanka**  
(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
CSH	300	300	300
DA	6,150	4,750	6,624
ESF	3,950	11,929	12,000
FMF	-	995	500
IMET	307	500	500
NADR-HD	2,400	1,775	1,800
NADR-SALW	-	100	100
P.L. 480 Title II	596	2,578	-
PKO	-	994	1,000

In 2002, the Foreign Terrorist Organization-designated Liberation Tigers of Tamil Eelam (LTTE) and the Government of Sri Lanka embarked on historic peace talks following nearly two decades of civil conflict. Although formal negotiations stalled in April 2003, the ceasefire has persisted. Formal talks are likely to resume in 2004 pending resolution of a political conflict between the President and Prime Minister. A peaceful resolution to Sri Lanka's ethnic conflict could provide a model for similarly conflicted countries in and near the region. Failure could result in a resumption of hostilities leading to instability in the country and the region. The tasks of rebuilding the war-torn areas, integrating the North and East into the rest of the country, and achieving high rates of economic growth to sustain peace are enormous, and U.S. support is being closely coordinated with that of other donors. FY 2005 assistance to Sri Lanka is designed to strengthen efforts to establish peace, alleviate economic damage to and reintegrate the North and East, and assist in the reconstruction of a multi-ethnic state that can provide a model for stability in a volatile region.

To promote the peace process, FY 2005 Economic Support Funds (ESF) are requested for programs across a range of sectors as part of the Sri Lankan Government's efforts to bring relief to the war-weary populace and generate popular support for the peace process. Democracy and governance programs funded by ESF are designed to:

- reintegrate the country and will include civic education to promote civic rights and responsibilities among youth;
- provide political party development assistance to mainstream and non-mainstream political groups;
- support national and regional media training to improve the ethnically polarized media, which currently reports through a narrow ethnic lens;
- strengthen the capacity of provincial legislatures, which are especially significant for future devolution of power as part of a possible peace settlement; and
- support local mediation boards administered by the Ministry of Justice in the North and East.

ESF-funded reconstruction and reconciliation programs will include a small grants fund to keep the peace dividend alive in areas where peace skeptics might undermine the process. Benefits will include support for small-scale infrastructure and livelihoods (e.g., seeds, tools, boats, nets and short-term, demand-driven skills training) and will provide support to peace building and reconciliation efforts among diverse groups and communities. Since 2003, the small grants fund has provided 87 grants, including support for a clinic serving displaced Muslims and multi-ethnic communities on the Kalpitiya peninsula, assistance packages for resettled fishermen, reconstruction of schools and farms in Jaffna, a land-tenure survey in the Eastern Province, and a YMCA-sponsored peace-awareness workshop for local community leaders in Kallar. ESF

programs will also promote economic growth for stability by fostering competitiveness among Sri Lanka's key industries; developing trade capacity; supporting macroeconomic policy; and improving workforce competitiveness by providing entrepreneurial skills to youth. Finally, ESF also will support HIV/AIDS prevention and awareness among vulnerable populations.

Development Assistance (DA) and Child Survival and Health (CSH) funds support the Government's macroeconomic reform and anti-poverty efforts. FY 2005 DA will concentrate on enhancing Sri Lanka's competitiveness in world markets through technical assistance and training in reforming key policies, promoting increased trade, strengthening private industry clusters, enhancing the skills of the workforce, forming partnerships to protect the environment, and building strong public-private labor partnerships to increase responsiveness to private sector needs. DA funds will assist in boosting agricultural productivity through training, privatization, World Trade Organization compliance, and enterprise restructuring to restore growth and assist in expanding employment and labor productivity. Finally, DA-funded programs will support rationalizing basic financial effectiveness of a downsized government. These programs will build on achievements in previous DA-funded programs to increase the value-added to traditional commodities, increase exports, improve marketing capabilities, and create jobs.

Sri Lanka has enjoyed a long democratic tradition, yet the challenge of integrating the North and East remains. FY 2005 DA for democracy will fund programs to establish a democratic culture and peaceful dispute resolution through civic education, and expand access to legal aid for vulnerable groups. The programs, which currently support the peace process with technical assistance to civil society organizations, the media, and political stakeholders, will broaden their scope to address the root causes of the conflict. New activities will include targeted support for the constitutional commission, political party strengthening, civic education, local governance, and the rule of law. Finally, DA environmental programs will promote alternatives to costly energy in the North and East through innovative methods and technology, and will reduce high pesticide use by moving farmers to high value organic products.

The DA- and CSH-funded Humanitarian Assistance Program will continue to facilitate the social and economic reintegration of disabled civilians, children, and young people affected by conflict, as well as victims of torture and violence. This program strengthens the abilities of Sri Lankan institutions to meet the social service needs of these groups. Utilizing the Leahy War Victims Fund, Sri Lankan disability service organizations will be able to provide improved artificial limbs, orthotics, and wheeled mobility devices to the disabled. This assistance will help improve rehabilitative care and train Sri Lanka's first class of internationally certified Prosthetist/Orthotists, introduce polypropylene limb technology, support advocacy efforts, and provide limited employment training for disabled civilians. CSH funds will continue to support local and national organizations that implement community-based efforts to address specific threats to children, such as child recruitment and physical or sexual abuse. CSH will also serve children recovering from the traumas associated with displacement and war through drama, structured play, and educational activities. In addition, the Humanitarian Assistance Program will begin to support a number of local organizations for torture survivors and design a small-scale targeted HIV/AIDS prevention and awareness program for particularly vulnerable populations.

Senior Sri Lankan officers strongly support U.S. strategic goals and programs. Sri Lanka continued to grant blanket overflight and landing clearance to U.S. military aircraft in 2004, routinely grants access to ports by U.S. vessels, and hosted two major U.S.-sponsored engagement programs in FY 2004. FY 2005 Foreign Military Financing (FMF) and International Military Education and Training (IMET) funds will further strengthen our military-to-military relationship. FY 2005 FMF supports: maritime surveillance and interdiction equipment to enable the Navy to monitor and interdict ships transporting weapons, terrorists, and other illegal cargo; military communications and mobility equipment to help the army to conduct humanitarian assistance projects and participate in UN peacekeeping missions; improvements to defense and intelligence establishments; and equipment for basic soldier safety and survivability.

FY 2005 IMET is requested to assist in professionalizing the Sri Lankan military at U.S. military training institutions and through mobile training teams. FY 2003 IMET funding for Sri Lanka sent 12 officers to professional military and technical schools in the United States. Continued IMET funding will help build the capabilities and competencies of officers necessary to prevail against LTTE terrorism and enhance interoperability, increasing Sri Lanka's ability to participate in the global war on terrorism. FY 2005 Peacekeeping Operations (PKO) funds are requested to support several activities aimed at maintaining the momentum of the peace initiative between the Government and the LTTE, including the activities of the Sri Lankan monitoring mission, staffed by Scandinavians, which is charged with on-site monitoring and verification of terms of the cease-fire agreement. Sri Lanka is eligible in FY 2005 to receive grant Defense Articles (EDA) under section 516 of the Foreign Assistance Act.

The United States began training the Sri Lankan military engineering battalion in humanitarian demining operations in August 2003. By the end of that year, 179 deminers, 35 paramedics, 28 officers, and 31 senior non-commissioned officers and supervisors had been trained. In addition, previous Non-proliferation, Anti-terrorism, Demining, and Related Programs/Humanitarian Demining (NADR/HD) funds sent two demining teams to Sri Lanka, which cleared 200,000 square meters of land. FY 2005 NADR/HD funds will continue capacity building for the Sri Lankan demining program, including mine detecting dogs and heavy demining equipment. FY 2005 NADR Small Arms and Light Weapons (NADR/SALW) destruction funds are requested to assist with the destruction of small arms and light weapons, supporting the demobilization and demilitarization efforts in Sri Lanka.

## South Asia Regional Funds

(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
ESF	1,900	1,988	2,000

South Asia's Muslim population of 460 million spans seven countries: Pakistan, Afghanistan, Bangladesh, India, Nepal, Sri Lanka, and Maldives. This funding will support a regional Muslim Outreach program by funding innovative pilot and multi-country projects in the following areas:

- **Education and public information that promote economic opportunity and effective citizenship:** Including curriculum broadening or teacher training in receptive public and private schools, including madrassahs, in order to enhance employment, problem-solving, and critical thinking skills; exchanges or training for Islamic scholars and educators; and literacy or job skills training for Muslim women and unemployed Muslim youth.
- **Democracy projects that foster government accountability and citizen participation:** Including small grants to NGOs in Muslim population centers for grassroots democracy and civic education projects; and multi-country legislative training, independent election commission strengthening, political party reform, civil society development, independent media and human rights projects.
- **Economic projects that address poverty and regional instability:** Including projects that promote regional cooperation; local community-led health and development projects with a civic education component; and micro-enterprise or employment-generation projects in Muslim population centers.
- **Conflict mitigation, reconciliation and confidence-building projects:** Including with Muslim populations in Sri Lanka and India – and possibly in Kashmir -- through small-scale health, employment-generation, education and civil society projects.

Reform in the first three areas of endeavor is key to overcoming the lack of education, isolation, political exclusion and deprivation that foster extremism. The fourth area of focus, conflict mitigation, reflects the need to address tensions between significant Muslim populations and other ethnic populations in India and Sri Lanka.