

# DEPARTMENT OF STATE

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**DEPARTMENT OF STATE**  
Bureau of International Narcotics and Law Enforcement Affairs

## Resource Summary

	<i>Budget Authority (in Millions)</i>		
	FY 2006 Final	FY 2007 Estimate	FY 2008 Request
<b>Drug Resources by Function</b>			
Interdiction	23.890	33.600	21.465
International	1,012.094	977.645	762.234
<b>Total Drug Resources by Function</b>	<b>\$1,035.984</b>	<b>\$1,011.245</b>	<b>\$783.699</b>
<b>Drug Resources by Decision Unit</b>			
Andean Counterdrug Initiative	727.155	685.436	442.812 <sup>/1</sup>
International Narcotics Control and Law Enforcement <i>Afghanistan (non-add)</i>	292.529 145.650	325.809 206.150	340.887 207.000
Supplemental Account	16.300	–	–
<b>Total Drug Resources by Decision Unit</b>	<b>\$1,035.984</b>	<b>\$1,011.245</b>	<b>\$783.699</b>
<b>Drug Resources Personnel Summary</b>			
Total FTEs (direct only)	223	224	225
<b>Drug Resources as a Percent of Budget</b>			
Total Agency Budget	\$1,307.283	\$1,382.954	\$1,236.412
Drug Resources Percentage	79.25%	73.12%	63.38%

<sup>/1</sup> In FY 2008, Alternative Development funding of \$192.5 million, which has traditionally been reported as part of ACI, is included in the Economic Support Fund account.

## Program Summary

### Mission

The narcotics trade in foreign nations imposes a very high cost on ordinary citizens in addition to being the source of drugs trafficked to the United States. Through eradication, interdiction, and alternative development the United States supports the fight against narcoterrorism and helps secure democracy, extend security, and restore economic prosperity in the region. To meet this charge, International Narcotics and Law Enforcement (INL) programs support two important goals: (1) reduce the entry of illegal drugs into the United States; and (2) minimize the impact of international crime on the United States and its citizens.

### Budget

In FY 2008, the Department of State requests \$783.7 million, a reduction of \$227.5 million from the FY 2007 level. The FY 2008 request does not include the Alternative Development programs in Colombia, Bolivia, Peru, and Ecuador that were included in the FY 2006 and 2007 INL budgets. Instead, in FY 2008 the Economic Support Fund (ESF) includes \$192.5 million for Alternative Development programs in Colombia, Bolivia, Peru, and Ecuador. This amount, along with the Afghanistan Alternative Livelihood programs, are reported and described under the United States Agency for International Development (USAID).

## **Andean Counterdrug Initiative (ACI)**

**Total FY 2008 Request: \$442.8 million for**

### **Counternarcotics Programs**

**(Includes –\$242.6 million in program changes)**

ACI provides support to the Andean Region including the countries of Bolivia, Colombia, Peru, Ecuador, Brazil, Venezuela, and Panama. Resources support projects, including security elements for project implementation, law enforcement, border control, crop reduction, institution building, administration of justice, and human rights programs in the region. As the source of more than 90 percent of cocaine and a significant portion of the heroin entering the U.S., Colombia remains the focus of ACI's efforts. ACI programs in Peru and Bolivia have minimized spillover of trafficking activities from neighboring Colombia. In Ecuador, Brazil, and Panama, INL's programs work to prevent spillover cultivation from producing countries and the transshipment of illicit drugs, develop law enforcement organizations, promote the rule of law, and foster bilateral law enforcement cooperation.

The largest portion of the \$242.6 million decrease is a transfer of \$192.5 million in alternative development funding for the Andean Region countries to ESF, which is managed by USAID. Specific programs in each source country and their program changes are described below.

### **Bolivia**

**FY 2008 Request: \$30.0 million**

**(Includes –\$32.7 million in program changes)**

The FY 2007 resources of \$62.7 million support Bolivian efforts to eliminate the remaining excess coca in and around the Chapare and Yungas regions, lay the groundwork for limited forced eradication operations in the National Parks, and persuade the Government of Bolivia (GOB) to encourage coca growth reduction. Funds will also support efforts to increase interdiction of, and halt exportation of cocaine; increase interdiction of essential chemicals and cocaine products; foster alternative economic development; expand the number and efficiency of prosecutors in narcotics related cases; support drug awareness efforts; and improve the transparency and anti-corruption efforts in the Bolivian government. A portion of the funds is also dedicated to boosting the presence and effectiveness of the counternarcotics police in the Chapare, Yungas, and National Parks; making the National Police more self-sufficient nationwide; supporting operational and logistics requirements for eradication and interdiction;

and replacing obsolete law enforcement equipment throughout Bolivia.

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### **FY 2008 Program Changes (–\$32.7 million)**

Reductions in Bolivia funding reflect the transfer of Alternative Development funds to ESF and other interdiction programs. In FY 2008, programming will focus primarily on interdiction operations, professionalization of law enforcement partners, and demand reduction and public awareness initiatives. Reductions of \$5.0 million occur in interdiction and eradication program areas where cooperation with the Government of Bolivia is not present.

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### **Colombia and Critical Flight Safety Program**

**FY 2008 Request: \$367.0 million**

**(Includes –\$137.2 million in program changes)**

The FY 2007 resources of \$504.2 million continue to build on the successes of Plan Colombia and subsequent ACI programs. In order to move toward nationalizing Plan Colombia program elements, INL is developing and strengthening the Government of Colombia's (GOC) institutions so they can ultimately assume ownership and responsibility for these programs. A special emphasis is being placed on assuring capacity to continue to reduce coca production, working in concert with Colombian eradication teams, and supporting the demobilization and reintegration of qualified Colombian illegal armed group members back into society.

The Critical Flight Safety Program (CFSP) is designed to ensure aircrew and aircraft safety, and structural integrity of aircraft operated by the INL Air Wing. Upon completion of this multi-year program, the Department will have improved the INL aviation fleet to a level that will prevent loss of life or valuable aviation resources due to structural fatigue and aging aircraft. The secondary objective of CFSP is to refurbish 30-year old, Vietnam-era military aircraft to a modern commercially supportable standard, therefore making them less costly to operate, easier to maintain, and more reliable. Specifically, in FY 2007 State will continue the refurbishment and upgrade of aging Vietnam era UH-1H helicopters, refurbishment of UH-1N helicopters (first priority to eradication helicopters), extend the service life of OV-10D airframes, and initiate armament upgrades for Colombia SAR aircraft.

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**FY 2008 Program Changes (–\$137.2 million)**

Reductions in Colombia funding reflect the transfer of alternative development funds to ESF and a \$2.0 million reduction in operational and maintenance funding for police and military aviation missions supported by the Colombian Army Aviation Program.

The CFSP budget in FY 2008 includes \$50.0 million, down from \$62.4 million in FY 2007, and is budgeted within the Colombia program.

For FY 2008, INL proposes selective rewiring, critical airframe upgrades, selective component replacement, and retrofitting obsolete components. This will successfully control many age-related costs and sustain the aircraft's capability. This initiative will take up to five years, with the aircraft chosen to be upgraded based on age, condition, and need.

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**Peru****FY 2008 Request: \$36.8 million****(Includes –\$56.7 million in program changes)**

The FY 2007 resources of \$93.6 million support interdiction and border control efforts to preempt spillover from the enhanced Colombia counternarcotics efforts. In addition, funding will support significant law enforcement operations planned in major coca-growing valleys, the continuation of manual eradication, alternative development and institution building initiatives, and demand reduction programs.

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**FY 2008 Program Changes (–\$56.7 million)**

Reductions in Peru funding reflect the transfer of alternative development funds to ESF and the elimination of \$18.7 million in demand reduction and money laundering programs.

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**Ecuador****FY 2008 Request: \$7.0 million****(Includes –\$9.4 million in program changes)**

The FY 2007 resources of \$16.4 million allow the government to continue to strengthen the presence of security forces at its land and sea ports, as well as on the northern border where spillover effects from Colombia counternarcotics operations threaten Ecuador's national security. Other projects will include canine and law enforcement skills training, support for the money

laundering unit, maintenance of checkpoints and police headquarters, strengthening administration of justice programs, and increasing the reach of alternative development projects initiated in prior years.

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**FY 2008 Program Changes (–\$9.4 million)**

Reductions in Ecuador funding reflect the transfer of alternative development funds to ESF and decreases of \$1.4 million for interdiction, drug control, and demand reduction programs, as well as programs to combat financial crimes and money laundering.

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**Brazil, Venezuela, and Panama****FY 2008 Request: \$2.0 million****(Includes –\$6.6 million in program changes)**

The FY 2007 resources of \$8.6 million support narcotics interdiction programs along Brazil's borders, enhance law enforcement efforts at the state level, provide for intellectual property rights enforcement, and support Brazil's highly successful drug demand reduction programs. In Venezuela, funding will combat the growing problem of cross-border narcotics trafficking by improving police and military operations while focusing on port and airport security. In Panama, funding will be used for border controls (air, land, and maritime); law enforcement and customs service modernization and professionalization; strengthening the Government of Panama's institutional capacity to combat corruption, money laundering, terrorist financing, and other financial crimes; demand reduction; and maritime interdiction (maritime service modernization).

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**FY 2008 Program Changes (–\$6.6 million)**

FY 2008 funding for Panama will support interdiction operations only. Other programs will be phased out or funded through non-U.S. sources. Programs in Brazil will be funded at reduced levels. In addition, Venezuela program funding was eliminated for FY 2008 reflecting the Government of Venezuela's resistance to counternarcotics cooperation.

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## **International Narcotics Control and Law Enforcement (INCLE)**

**Total FY 2008 Request: \$340.9 million**

**(Includes +\$15.1 million in program changes)**

INCLE programs advance international cooperation in order to reduce the foreign production and trafficking of illicit coca, opium poppy, marijuana, and other illegal drugs. INCLE commodity, technical assistance, and capacity building programs improve foreign government institutional capabilities to implement their own comprehensive national drug control plans that will reduce trafficking in illicit drugs and money laundering activities. Training and assistance also support prevention and treatment programs and projects designed to strengthen the international coalition against drug trafficking. An interregional aviation program supports drug-crop eradication, surveillance, and counterdrug enforcement operations.

Many INCLE projects are directed at improving foreign law enforcement and intelligence gathering capabilities and enhancing the effectiveness of criminal justice sectors to allow foreign governments to increase drug shipment interdictions, effectively investigate, prosecute and convict major narcotics criminals, and dismantle major drug trafficking organizations. INL also provides technical assistance to federal law enforcement authorities working overseas in order to enhance their programs. INL is responsible for foreign policy formulation and coordination and for advancing diplomatic counternarcotic initiatives in the international arena. Specific INCLE programs are described below.

### **Mexico**

**FY 2008 Request: \$13.2 million**

**(Includes –\$5.3 million in program changes)**

The FY 2007 resources of \$18.5 million will be used for counternarcotics, law enforcement, and demand reduction programs carefully balanced between the short-term goal of attacking and dismantling drug trafficking and other cross-border criminal organizations, and the long-term goal of strengthening Mexico's law enforcement institutions and expanding their capacity to attack and deter crime affecting United States Government interests. Funding will complete programs and investments made in Mexican law enforcement, continue support to broad ongoing programs to improve law enforcement agencies and infrastructure, as well as begin new initiatives to meet emerging challenges such as the production and distribution of methamphetamine

sourced to the United States. These include activities such as institution building, training and professionalization of state and local law enforcement, anti-corruption, money laundering and financial crimes, interdiction and eradication, and demand reduction and drug awareness.

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### **FY 2008 Program Changes (–\$5.3 million)**

The decrease in funding will be absorbed in part by a planned reduction in programs that no longer require major funding, such as the recapitalization of the police aviation wing and installation of high-tech inspection systems in Mexican ports of entry. The Government of Mexico will also be urged to invest more resources in bilateral programs and their implementation will be slowed.

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### **Haiti**

**FY 2008 Request: \$2.0 million**

**(Includes +\$1.0 million in program changes)**

The FY 2007 resources of \$1.0 million will focus on training and equipping the Haitian Coast Guard for maritime interdiction operations, improving the operational capacity of the Haiti Counter-Narcotics Trafficking Office in cooperation with DEA, and assisting the Haitian government's Financial Investigative Unit with money laundering investigations.

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### **FY 2008 Program Changes (+\$1.0 million)**

The increased funding level will permit the establishment of a Counter-Narcotics Trafficking Office presence outside of Port au Prince – especially in the Northern plateau area where drug-trafficking is endemic – as well as expanded port security and drug interdiction operations by the Haitian Coast Guard.

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### **Central America, Caribbean, and Southern Cone**

**FY 2008 Request: \$9.8 million**

**(Includes +\$5.8 million in program changes)**

The FY 2007 resources of \$4.4 million will be used to upgrade drug interdiction and law enforcement capabilities and modernize judicial sector institutions in order to detect and prosecute narcotrafficking, financial crimes, and governmental corruption. INL will provide training and information systems and communications equipment to enhance intelligence gathering and sharing capabilities. Other funds will support demand reduction

efforts to resist the growing drug use problem in these regions and to fight criminal gangs that distribute drugs.

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**FY 2008 Program Changes (+\$5.8 million)**

The funding increase for Guatemala will provide training and operational support to the revamped counternarcotics police. In the rest of Central America and Caribbean, the funding increase will permit the resumption of counterdrug activities in countries such as Belize, Costa Rica, and Trinidad and Tobago where programs have been shutdown, and will permit the expansion of interdiction efforts in key drug transit countries such as El Salvador, Honduras, and Nicaragua. In the Southern Cone, the increase will be used to provide equipment and training for drug interdiction.

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**Afghanistan**

**FY 2008 Request: \$207.0 million**

**(Includes +\$0.9 million in program changes)**

The FY 2007 resources of \$207.9 million for counternarcotics programs will support a number of initiatives including an opium poppy elimination program, drug enforcement and interdiction program, public diplomacy efforts, drug demand reduction programs, and drug control capacity building. The Poppy Elimination Program (PEP) emphasizes engaging Government of Afghanistan (GOA) officials in primary producing provinces to proactively campaign against farmers planting poppy, pressure farmers who do plant poppy to voluntarily replant in legitimate crops, and threaten forced eradication. The program is expected to expand from 12 to 18 provinces, providing coverage for 90 percent of the territory where the poppy crop is grown.

The funds cover salaries, security, armored vehicles, communications, safe billeting, and all operational costs of the PEP teams. Counternarcotics funding also includes support for four mobile teams in the Afghan Eradication Force (AEF) that act as the GOA's fall-back intervention force to disrupt poppy cultivation where necessary. The package includes the lease of medium and heavy-lift air support for transport of equipment and personnel to aid ground-based eradication and other counternarcotics efforts. In addition, an aviation support component serves as a force multiplier (logistics, transport, search and rescue, reconnaissance) for both PEP and AEF, and other counternarcotics efforts

as required. Resources also provide helicopters and operations and maintenance to support eradication efforts.

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**FY 2008 Program Changes (+\$0.9 million)**

INL's Afghanistan counternarcotics support in FY 2008 will continue programs started in FY 2007.

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**Pakistan**

**FY 2008 Request: \$24.0 million**

**(Includes +\$7.8 million in program changes)**

The \$16.2 million in FY 2007 will support a Border Security Program and Counternarcotics Program in Pakistan. The Border Security Program will seek to minimize the impact of international crime and illegal drugs on the United States and its citizens by expanding law enforcement capacity to secure the western border with Afghanistan and Iran in order to deny drug traffickers, criminals, and terrorist sanctuary, particularly in the border areas. This project consists of an aviation component, infrastructure development, vehicles, communications equipment, surveillance devices, and training to support the over 65,000 civilian security personnel operating on the western border.

The Counternarcotics Program is designed to inhibit poppy cultivation throughout Pakistan, reverse its expansion into non-traditional areas, return Pakistan to its zero-poppy status, help Pakistan defend itself against the migration of labs from Afghanistan, reduce domestic demand, and curb drug trafficking into and through Pakistan. Funds will be used to develop the proposed expansion of roads and small schemes into the new areas of cultivation and to continue to provide training and operational support to a range of law enforcement agencies. Funds will also support opium poppy monitoring and eradication efforts, demand reduction efforts, and funding for lawyers to work on major drug trafficking prosecutions.

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**FY 2008 Program Changes (+\$7.8 million)**

The increase in funds for FY 2008 will provide for enhanced border security initiatives in the Baluchistan region, which includes training, equipment and infrastructure for Pakistan security forces and local civilian authorities.

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## **Africa and East Asia/Pacific Regional**

**FY 2008 Request: \$4.3 million**

**(Includes +\$2.2 million in program changes)**

The FY 2007 resources of \$2.2 million will be used to provide training, technical assistance, and equipment to strengthen the capacity of law enforcement and judicial institutions to address narcotics trafficking and assist in drug interdiction in Nigeria, Indonesia, Laos, Philippines, and Thailand.

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### **FY 2008 Program Changes (+\$2.2 million)**

Funding will be used to sustain programs in Nigeria, Laos, Philippines, and East Timor. Additional funding will be used for new counternarcotics projects in the region.

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## **Interregional Aviation Support**

**FY 2008 Request: \$60.1 million**

**(Includes +\$8.3 million in program changes)**

The \$51.8 million in FY 2007 funding will provide core level services necessary to operate, sustain, and maintain a fleet of 189 fixed and rotary wing aircraft of ten types. The aircraft support counternarcotics aviation programs in Colombia, Bolivia, Peru, Afghanistan, and border security operations in Pakistan; plus, as required, counterterrorism/counternarcotics programs in other temporary deployment locations. ACI, Afghanistan, and Pakistan funds augment the Air Wing budget to provide expanded levels of support for country-specific projects.

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### **FY 2008 Program Changes (+\$8.3 million)**

The additional funds will be used for maintaining core level services necessary to operate and sustain a fleet of over 189 fixed and rotary wing aircraft of ten types. Without this increase, due to contract costs and operational requirements, support services provided would have to be reduced.

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## **Drug Awareness and Demand Reduction**

**FY 2008 Request: \$3.5 million**

**(Includes -\$6.5 million in program changes)**

The FY 2007 funding of \$10.0 million will allow for the funding of a variety of international demand reduction activities that include programs with faith-based organizations that provide prevention, intervention, and recovery maintenance services.

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### **FY 2008 Program Changes (-\$6.5 million)**

The reduction in funding will limit training in

Africa and Asia to address the intravenous drug use problem and accompanying HIV/AIDS transmission among that population, including methamphetamine abuse in Asia.

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## **International Organizations**

**FY 2008 Request: \$4.1 million**

**(Includes +\$0.6 million in program changes)**

The \$3.5 million in FY 2007 will provide International Organizations funding through the UN Office for Drugs and Crime (UNODC) to build multilateral support that strengthens efforts against international consumption, production, and trafficking of illegal drugs. In addition, funding supports UN programs focused on precursor chemical control, legislative advisory assistance for implementation of the three drug conventions, anti-money laundering assistance, and an Independent Evaluation Unit.

The Organization of American States/Inter-American Drug Abuse Control Commission (OAS/CICAD) will provide technical support and training to address shortcomings in country anti-drug programs identified by the Multilateral Evaluation Mechanism. This funding will include support for the expansion of CICAD's demand-side and supply-side programs, strengthening national drug control commissions, assistance in legal development, demand reduction programs focused on youth, and the maintenance of a hemispheric data collection system.

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### **FY 2008 Program Changes (+\$0.6 million)**

Increased funding for UNODC will allow elevated support for its regional precursor chemical control programs, particularly in South East Asia, which provide specialized training to law enforcement and chemical regulatory agencies. Additionally, increased funding for OAS/CICAD will moderately enhance a nascent chemical and synthetics drug awareness campaign and training workshops throughout Latin America and the Caribbean region.

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## Program Development and Support

**FY 2008 Request: \$12.8 million**

**(Includes +\$0.4 million in changes)**

The \$12.4 million in FY 2007 will be used for domestic salaries, administrative costs, and other Washington-based support services costs.

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### **FY 2008 Changes (+\$0.4 million)**

The increase will cover adjustments for inflation and other administrative support cost increases.

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## Performance

### Introduction

This section on the FY 2006 performance of the State INL programs is based on agency GPRA documents and the PART review, discussed earlier in the Executive Summary. The tables include conclusions from the PART assessment, as well as performance measures, targets and achievements for the latest year for which data are available.

INL's four programs – ACI; INCLE Programs in the Western Hemisphere; INCLE Programs in Africa and Asia; and INCLE Programs in South Asia – have each been assessed through PART. Three programs were rated “Adequate” and INCLE-South Asia was rated “Results Not Demonstrated.”

The 2004 PART review for ACI indicated that INL was on track to meet or exceed its goals for reducing cocaine production and interdicting drug shipments from the Andean Region. Although USAID developed a long-term goal for its alternative livelihood programs in 2005, OMB noted later the need to set baselines and targets to allow greater use of performance information in decision making. The 2004 PART review for INCLE Western Hemisphere programs found mixed results in pursuing long-term and annual goals while the 2005 PART review for INCLE Africa and Asia programs highlighted the need to develop a long-term measure of criminal justice capacity-building efforts. The 2006 PART review for INCLE South Asia programs emphasized the need for improved linkage between budget and performance information in the budget request to allow managers to make funding decisions based on program performance.

To address financial management weaknesses identified by the assessment of all four programs, INL is implementing a new financial management system to track and report information needed to inform strategic planning and resource allocation decisions.

After dropping sharply for several years, coca cultivation increased by 25 percent from 2005 to 2006. This is partly due to a change in the CNC cultivation data collection methodology in 2005, which resulted in an increase in the area under observation. Although Colombia continues as the source of approximately 90 percent of the cocaine and half the heroin entering the United States, the U.S. backed aerial eradication program continues to set annual records in rooting out the source of coca production.

In South East Asia, opium poppy cultivation is expected to decline sharply as it has in recent years. The region, once the world's primary source for opium, no longer produces enough opium poppy to meet regional demands. Between 2004 and 2006, cultivation levels continued to decline in Laos and Burma while Thailand was officially removed from the President's list of Major Drug Producing and Drug Transit Nations.

In Afghanistan, the coordinated international working group is working with the Ministry of Interior and the Ministry of Counternarcotics to implement the five-pillar strategy of justice reform, interdiction, eradication, alternative livelihood, and public information to combat the opium trade.



<b>Andean Counterdrug Initiative</b>			
<b>Year of Last Review: 2004</b>		<b>Rating Received: Adequate</b>	
<b>Evaluation Area</b>	<b>Score</b>	<b>Review Highlights</b>	
Purpose	100	Develop annual outcome measures for the alternative development component of the program.	
Planning	63		
Management	43		
Results	34		
<b>Selected Measures of Performance</b>		<b>FY 2006 Target</b>	<b>FY 2006 Achieved</b>
» Number of coca cultivated hectares in Bolivia, Colombia, and Peru for calendar year 2006.		150,000	TBR

TBR = To Be Reported (March, 2007)

<b>INCLE Programs in Africa and Asia</b>			
<b>Year of Last Review: 2005</b>		<b>Rating Received: Adequate</b>	
<b>Evaluation Area</b>	<b>Score</b>	<b>Review Highlights</b>	
Purpose	100	Develop a long-term measure for the criminal justice component and an annual measure or measures to track the progress towards that long-term goal.	
Planning	63		
Management	43		
Results	34		
<b>Selected Measures of Performance</b>		<b>FY 2006 Target</b>	<b>FY 2006 Achieved</b>
» Number of illicit opium poppy cultivated hectares in Laos for calendar year 2006.		4,000	TBR

TBR = To Be Reported (March, 2007)

<b>INCLE Programs in the Western Hemisphere</b>			
<b>Year of Last Review: 2004</b>		<b>Rating Received: Adequate</b>	
<b>Evaluation Area</b>	<b>Score</b>	<b>Review Highlights</b>	
Purpose	100	Conduct evaluation of key assistance activities to investigate mixed results from long-term and annual measures.	
Planning	75		
Management	43		
Results	33		
<b>Selected Measures of Performance</b>		<b>FY 2006 Target</b>	<b>FY 2006 Achieved</b>
» Host nation progress in implementing effective legal, institutional, and programmatic reforms for the calendar year of 2005.*		30% in progress 55% complete	27% in progress 54% complete

\* Data collected biennially

INCLE Programs in South Asia				
Year of Last Review: 2006			Rating Received: Results Not Demonstrated	
Evaluation Area	Score	Review Highlights		
Purpose	80	Although the program has sufficient measures to gauge success, the impact of funding levels on performance is not clear. The program is addressing these issues, starting with the new financial system to ensure greater oversight and linkage to performance.		
Planning	88			
Management	57			
Results	25			
Selected Measures of Performance			FY 2006 Target	FY 2006 Achieved
» Number of opium poppy cultivated hectares in Afghanistan for calendar year 2006.			107,400	TBR

TBR = To Be Reported (March, 2007)

## Discussion

Targeting coca, opium poppy, and marijuana during cultivation is the single most effective means of reducing the quantity of such drugs entering the international market and the United States. The U.S. backed aerial eradication program in the Andean Region has been particularly effective since 2000, and although the level of opium cultivation continued to decline, coca cultivation levels, after stabilizing, increased in FY 2005. While favorable conditions for aerial eradication yielded a record-breaking year for eradication efforts, this was offset by rapid replanting in Colombia. The ACI program has begun paying high dividends in the fight against illegal cocaine and heroin from the Andean Region of South America, but the fight against narcoterrorism remains challenging.

The continuing reduction in opium poppy cultivation in South East Asia, mostly in Burma and Laos, demonstrate the success of the strategy of combating the source of opium poppy in the region once known as the “golden triangle.” Thailand’s removal from the list of Major Drug Producing and Drug Transit Nations indicates that a similar strategy can be replicated to remove Laos from the Major’s list as well.

The Department of State, as outlined in its FY 2008 Performance Plan, has appropriately focused its current efforts on the Administration’s directive to target the supply of international narcotics aggressively by disrupting the activities of international criminal organizations and strengthening international law enforcement and judicial systems. Further, the Department has initiated focused efforts to address the PART findings by improving financial tracking and linking annual funding requests to relevant program goals.

# UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT

## Resource Summary

	<i>Budget Authority (in Millions)</i>		
	FY 2006 Final	FY 2007 Estimate	FY 2008 Request
<b>Drug Resources by Function</b>			
International	120.900	84.000	313.100
<b>Total Drug Resources by Function</b>	<b>\$120.900</b>	<b>\$84.000</b>	<b>\$313.100</b>
<b>Drug Resources by Decision Unit</b>			
Economic Support Fund	110.500	75.000	313.100 <sup>/1</sup>
<i>Afghanistan (non-add)</i>	<i>110.500</i>	<i>75.000</i>	<i>120.600</i>
<i>Andean Ridge (non-add)</i>	–	–	<i>192.500</i>
Development Assistance	10.400	9.000	–
<b>Total Drug Resources by Decision Unit</b>	<b>\$120.900</b>	<b>\$84.000</b>	<b>\$313.100</b>
<b>Drug Resources Personnel Summary</b>			
Total FTEs (direct only)	27	27	27
<b>Drug Resources as a Percent of Budget</b>			
Total Agency Budget	\$7,702.695	\$7,481.648	\$7,680.901
Drug Resources Percentage	1.57%	1.12%	4.08%

<sup>/1</sup> In FY 2008, Alternative Development funding of \$192.5 million, which has traditionally been reported as part of ACI (see State INL section), is included in the Economic Support Fund account.

## Program Summary

### Mission

The United States Agency for International Development (USAID) is the U.S. government organization responsible for most economic and development foreign aid. An independent federal agency, it receives overall foreign policy guidance from the U.S. Secretary of the Department of State (State). USAID advances U.S. foreign policy objectives by supporting economic growth, agriculture, trade, health, democracy, conflict prevention, and humanitarian assistance. USAID's Alternative Development programs support U.S. counternarcotics objectives by helping countries develop economic alternatives to narcotics production. Specifically, to stop the illegal drug trade, USAID offers incentives to farmers to discontinue planting poppy and other illicit crops.

USAID also provides training; demonstration centers and farm related business training to help farmers in drug-producing countries increase their income from legitimate crops.

### Budget

In FY 2008, the Department of State requests \$313.1 million in the Economic Support Fund (ESF) account for Alternative Development programs in the Andean Region and in Afghanistan. The request includes \$192.5 million for the Andean Region, including the countries of Colombia, Bolivia, Peru, and Ecuador to advance

the development of legitimate crops. Funding for this activity was formerly requested under the Andean Counterdrug Initiative account. In addition, the FY 2008 request includes \$120.6 million for Alternative Development programs in Afghanistan to accelerate economic growth in the principal poppy-producing provinces.

**Economic Support Funds - Andean Region**  
**FY 2008 Request: \$192.5 million**  
**(Includes +\$192.5 million in program changes)**

As the source of more than 90 percent of cocaine and about half of the heroin entering the U.S., Colombia and the Andean Region remain the focus of State's efforts to disrupt the market for illegal drugs. USAID administers the Economic Support Fund providing for alternative development projects and aid in the Andean Region countries of Bolivia, Colombia, Peru, Ecuador, Brazil, Venezuela, and Panama. Resources support projects to advance the development of legitimate crops in place of those used to produce illicit drugs.

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**FY 2008 Program Changes (+\$192.5 million)**

This account includes amounts previously requested under the Andean Counterdrug Initiative. State has requested these amounts as Economic Support Funds in FY 2008 so that the monies could be better aligned with other economic support targeted to the Andean Region.

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**Economic Support Funds - Afghanistan**  
**FY 2008 Request: \$120.6 million**  
**(Includes +\$45.6 million in program changes)**

Agriculture is a way of life for seventy percent of Afghanistan's people. However, instability, coupled with the region's four-year drought has devastated the country's farms. In fact, eighty percent of the rural population lives in poverty. With its economic support, USAID is renovating irrigation systems, providing farmers with fertilizer and seeds, and building roads to market centers. Over the past few years, agricultural production has nearly doubled, increasing farmers' incomes and encouraging them to produce legitimate crops. However, opium cultivation accounts for nearly 60 percent of the country's gross national product.

To stop the illegal drug farming and trade, USAID provides incentives to farmers to discontinue planting poppy. In particular, USAID has managed an alternative livelihoods program in the four largest poppy producing

provinces - Badakhshan, Nangarhar, Kandahar, and Helmand. This funding supports cash-for-work projects, expands availability of agricultural credit, and provides training and marketing assistance to help farmers increase their income from legitimate crops. USAID also provides training, demonstration centers, and farm related business training to farmers to help them increase their income from legitimate crops.

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**FY 2008 Program Changes (+\$45.6 million)**

Additional resources will be dedicated to expand programming to a greater number of poppy producing provinces. Funding will continue to support cash-for-work projects, expand availability of agricultural credit, and provide training and marketing assistance to help farmers increase their income from legitimate crops.

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**Development Assistance - Afghanistan**  
**FY 2008 Request: \$0**

**(Includes -\$9.0 million in program changes)**

In the agriculture sector USAID/Afghanistan supports activities to enhance food security, increase rural incomes, increase agricultural productivity, and expand alternative livelihoods.

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**FY 2008 Program Changes (-\$9.0 million)**

Development Assistance in FY 2008 will be funded out of prior-year unexpended balances.

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## Performance

### Introduction

This section on the FY 2006 performance of the USAID program is based on agency GPRA documents and the PART review, discussed earlier in the Executive Summary. The table includes conclusions from the PART assessment, as well as performance measures, targets and achievements for the latest year for which data are available.

The ACI and INCLE PART assessments included a review of USAID contributions to these programs – no separate PART review was undertaken for the drug portions of USAID.

USAID		
No PART Assessment Made		
Selected Measures of Performance	FY 2006 Target	FY 2006 Achieved
» # Hectares of legitimate agricultural/forestry in USAID-funded areas.	344,160	382,286
» # Stakeholders and survivors assisted.	280,638	222,232

## Discussion

USAID programs educate growers, provide alternative seeds and agricultural inputs, and promote the production of licit crops in areas where poppy has been grown. The first indicator measures the impact of USAID programs in Afghanistan, Bolivia, Colombia, Ecuador, and Peru on expanding the production of licit crops and forestry products, thereby expanding legitimate economic opportunities.

By training stakeholders on the legal and human rights aspects of trafficking, and by providing support services to the survivors of trafficking, USAID reduces the number of people trafficked and the consequences of trafficking. Stakeholders include government officials, non-governmental organizations, journalists, private sector participants, community leaders and members, and religious organization leaders. The FY 2006 target was also to provide counseling and other support services for 50,265 survivors of trafficking – actual results are not yet available.

Preliminary result data are obtained from USAID operating units. The Agency's performance data are verified using Data Quality Assessments (DQA), and must meet five data quality standards of validity, integrity, precision, reliability and timeliness. The methodology used for conducting the DQAs must be well documented by each operating unit.