

Europe and Eurasia Regional Overview

Program Overview

Europe and Eurasia as a region is both transforming and supporting transformation in other parts of the world. Within the region, European allies and institutions such as the European Union (EU), North Atlantic Treaty Organization (NATO), and the Organization for Security and Cooperation in Europe (OSCE) play an essential role in supporting the United States to help Westward-oriented countries like Georgia, Ukraine and Moldova complete and consolidate democratic and economic reform, encourage less reform-minded countries to recognize that reform is essential, and keep international pressure on governments with no interest in reform. Across the globe, European allies are critical partners in supporting transformation in the Middle East, Asia, Africa, and Latin America. European partners play a critical role in operations related to the war on terror. To further the capacity of European allies to engage in these operations, U.S. assistance will help improve European forces' professionalism, niche capacity, and interoperability with NATO.

Partners in Western and Central Europe have a similarly strong interest in seeing these countries succeed, and U.S. assistance policies will continue to be closely coordinated with theirs.

The FY 2009 request maintains the U.S. focus on the unfinished business of stabilizing the Balkans. The greatest opportunity in the Balkans is the basic desire among governments and populations to integrate into Euro-Atlantic institutions. Prospective membership in the EU and NATO provides a powerful stimulus to democratic and economic reform, often eliciting the political will that must accompany U.S. assistance if that assistance is to have an impact. Directly, and by leveraging the funds of other donors, the United States will help Serbia and Bosnia become normal European states. Supporting a final Kosovo settlement will entail infrastructure development, institutional reform, and debt relief, as well as additional reform and development assistance in neighboring areas. Throughout this critical period, continued U.S. engagement will keep Albania, Macedonia and Montenegro advancing on the Euro-Atlantic path.

In Russia, worrisome trends are deepening: power is increasingly centralized in the hands of the Kremlin and its allies; pressure on civil society, democracy advocates, and independent media continues; and the government's role in the economy is growing. The United States has a vital interest in helping Russia become an open, democratic, and stable geopolitical partner. To this end, the United States will engage with Russia where it can do so productively, while expanding support for Russians who are standing up for democratic reform and promoting human rights. In Belarus, where the authoritarian regime is more determined than ever to consolidate control, there is an opportunity to support pro-democracy forces together with strong and effective support from Belarus's European neighbors, who share U.S. goals.

Resources to Advance Transformational Diplomacy

Request by Account by Fiscal Year

(\$ in thousands)	FY 2007	FY 2007	FY 2008	FY 2008	FY 2009
	Actual	Supp	Estimate	Supp	Request
TOTAL	855,145	189,000	783,712	-	734,028
Assistance for Eastern Europe and Baltic States	273,900	189,000	293,553	-	275,625
Child Survival and Health	5,390	-	11,960	-	14,650
Economic Support Fund	34,630	-	31,742	-	11,000
Foreign Military Financing	132,072	-	88,673	-	125,285
FREEDOM Support Act	351,082	-	313,947	-	262,768
Global HIV/AIDS Initiative	7,683	-	-	-	-
International Military Education and Training	26,976	-	24,735	-	25,550
International Narcotics Control and Law Enforcement	-	-	298	-	300
Nonproliferation, Antiterrorism, Demining and Related Programs	23,412	-	18,804	-	18,850

Request by Program Area by Fiscal Year

(\$ in thousands)	FY 2007	FY 2007	FY 2008	FY 2008	FY 2009
	Actual	Supp	Estimate	Supp	Request
TOTAL	855,145	189,000	783,712	-	734,028
Peace and Security	355,442	33,000	285,091	-	308,229
Counter-Terrorism	8,584	-	4,354	-	6,525
Combating Weapons of Mass Destruction (WMD)	40,033	-	35,341	-	31,368
Stabilization Operations and Security Sector Reform	216,386	28,000	186,766	-	211,756
Counter-Narcotics	-	-	1,078	-	363
Transnational Crime	6,652	-	9,370	-	5,874
Conflict Mitigation and Reconciliation	83,787	5,000	48,182	-	52,343
Governing Justly and Democratically	209,722	11,000	223,061	-	190,007
Rule of Law and Human Rights	51,749	2,000	58,177	-	53,697
Good Governance	41,267	9,000	43,041	-	42,912
Political Competition and Consensus-Building	19,782	-	23,208	-	19,178
Civil Society	96,924	-	98,635	-	74,220
Investing in People	79,626	-	94,268	-	63,917
Health	53,751	-	62,298	-	42,557
Education	18,299	-	23,622	-	14,871
Social Services and Protection for Especially Vulnerable People	7,576	-	8,348	-	6,489
Economic Growth	179,285	138,000	170,690	-	166,390
Macroeconomic Foundation for Growth	16,086	125,000	16,562	-	35,156

(\$ in thousands)	FY 2007	FY 2007	FY 2008	FY 2008	FY 2009
	Actual	Supp	Estimate	Supp	Request
TOTAL	855,145	189,000	783,712	-	734,028
Trade and Investment	18,924	-	8,662	-	11,592
Financial Sector	18,816	-	17,072	-	14,678
Infrastructure	27,424	13,000	39,467	-	18,489
Agriculture	25,010	-	22,796	-	20,786
Private Sector Competitiveness	57,003	-	54,650	-	58,074
Economic Opportunity	15,158	-	10,456	-	5,956
Environment	864	-	1,025	-	1,659
Humanitarian Assistance	11,172	7,000	10,602	-	5,485
Protection, Assistance and Solutions	10,822	3,000	10,302	-	5,385
Disaster Readiness	-	-	300	-	100
Migration Management	350	4,000	-	-	-
Program Support	19,898	-	-	-	-
Program Support	19,898	-	-	-	-

Request by Objective by Account, FY 2009

(\$ in thousands)	Total	P&S	GJD	IIP	EG	HA	PS
TOTAL	734,028	308,229	190,007	63,917	166,390	5,485	-
Assistance for Eastern Europe and Baltic States	275,625	73,660	79,328	18,181	103,056	1,400	-
Child Survival and Health	14,650	-	-	14,650	-	-	-
Economic Support Fund	11,000	11,000	-	-	-	-	-
Foreign Military Financing	125,285	125,285	-	-	-	-	-
FREEDOM Support Act	262,768	53,584	110,679	31,086	63,334	4,085	-
International Military Education and Training	25,550	25,550	-	-	-	-	-
International Narcotics Control and Law Enforcement	300	300	-	-	-	-	-
Nonproliferation, Antiterrorism, Demining and Related Programs	18,850	18,850	-	-	-	-	-

Peace and Security: Funding is requested to assist partners in fighting the war on terror; preventing the proliferation of weapons of mass destruction; supporting the reform, professionalization, and capacity-building of the military, police, border guards, and customs officials; promoting integration with Euro-Atlantic institutions through reform, interoperability, and building of niche capacity; and, building capabilities to combat transnational threats, including trafficking in persons, smuggling, and other types of crime. The Departments of State, Defense and Justice and USAID will implement these programs.

Governing Justly and Democratically: Assistance programs will support free, fair and competitive

political processes and elections; improve governance; facilitate anti-corruption efforts; support institutional reform and checks and balances; promote the development of and access to balanced information; build civil society organizations and enhance their capacities to advocate for positive and constructive political, economic, and social reforms; empower activists and human-rights monitors in authoritarian societies; and provide exposure to democratic practices and values through exchange programs. This assistance will be implemented by USAID and the Departments of Justice and State.

Investing in People: While U.S. health programs combat major threats to the region like HIV/AIDS, drug-resistant tuberculosis, the world's highest rates of abortion, and plummeting demographics, their primary purpose is to help countries restructure their health systems to respond to the needs of their citizens, which is essential in creating confidence among citizens that the transition to a free-market, democratic system actually serves their needs. Funding will support programming to increase awareness and develop local capacity to treat infectious diseases; improve primary, maternal, child, and reproductive health standards; build public awareness of the dangers of trafficking in persons and provide support for victims of trafficking, including their social and economic reintegration into society; and work with teachers, university professors and education officials to improve curricula and instruction. This assistance will be implemented by USAID and its health-sector partner agencies. As part of the President's Emergency Plan for AIDS Relief, HIV/AIDS programs will scale up integrated prevention, care and treatment programs and support orphans and vulnerable children in the region.

Economic Growth: Funding is requested to support energy-sector privatization, efficiency and transparency; strengthen the business environment; promote trade and investment; further accession and participation in international economic institutions; improve revenue collection, budgeting processes and banking systems; and support private-sector regulatory reform, credit access to small and medium-sized enterprises, and improved agriculture-sector productivity. The total for Economic Growth includes \$25 million to restore Kosovo debt relief funding that was reprogrammed to support critical foreign policy needs in North Korea. Assistance under this objective will be provided by the Departments of Agriculture, Justice, State, and the Treasury, the Trade and Development Agency and USAID. Millennium Challenge Corporation resources are also becoming a major factor in this region, with two countries currently having Compacts in operation (Armenia and Georgia); two others with Threshold programs that are now Compact-eligible (Ukraine and Moldova), and one other with a Threshold program (Albania).

Humanitarian Assistance: Funding will support the provision of shelter, medical care, counseling, education, and water and sanitation for displaced persons; provide food aid for vulnerable groups; procure and deliver donated humanitarian commodities such as medicines, equipment, clothing, and food; and improve conditions in schools, clinics, orphanages and homes for the elderly. This assistance will be provided by the Department of State and USAID.

Overview of Major Changes

The FY 2009 request for Europe and Eurasia represents a slight decline from FY 2008, reflecting both critical needs in other regions of the world and the success of sustained development efforts in the region since 1989. Eleven countries in the region have graduated from development assistance and now receive only security assistance. Of these, ten have joined the EU and NATO. In addition, declining U.S. resources are being used to leverage other donor funding and to establish several other legacy institutions throughout the region that will support civil society and the transfer of knowledge about democracy and market economies for years to come. Although traditional development assistance is declining, security assistance to coalition partners, new NATO members and NATO aspirants will be continued at robust levels.

Albania

Program Overview

U.S. assistance to Albania seeks to reinforce the country's steadfast partnership with the United States on security issues and to help the country mitigate corruption, close down criminal networks, broaden economic growth, and increase investment in its people through improved health programs and workforce development.

Resources to Advance Transformational Diplomacy

Request by Account by Fiscal Year

(\$ in thousands)	FY 2007	FY 2008	FY 2009
	Actual	Estimate	Request
TOTAL	26,748	21,825	25,035
Assistance for Eastern Europe and Baltic States	21,100	17,854	18,910
Child Survival and Health	-	500	-
Foreign Military Financing	3,054	2,115	4,000
International Military Education and Training	990	571	850
Nonproliferation, Antiterrorism, Demining and Related Programs	1,604	785	1,275

Request by Program Area by Fiscal Year

(\$ in thousands)	FY 2007	FY 2008	FY 2009
	Actual	Estimate	Request
TOTAL	26,748	21,825	25,035
Peace and Security	11,015	7,455	10,425
Counter-Terrorism	639	-	325
Combating Weapons of Mass Destruction (WMD)	665	485	650
Stabilization Operations and Security Sector Reform	7,724	6,355	8,950
Transnational Crime	1,987	615	500
Governing Justly and Democratically	6,469	5,801	6,450
Rule of Law and Human Rights	2,521	2,502	2,600
Good Governance	2,958	2,239	2,800
Political Competition and Consensus-Building	-	100	-
Civil Society	990	960	1,050
Investing in People	1,688	3,200	2,500
Health	1,688	3,200	2,500
Economic Growth	6,755	5,369	5,660
Trade and Investment	1,175	765	700

(\$ in thousands)	FY 2007	FY 2008	FY 2009
	Actual	Estimate	Request
TOTAL	26,748	21,825	25,035
Financial Sector	808	829	460
Infrastructure	700	565	500
Agriculture	1,850	1,515	1,500
Private Sector Competitiveness	2,222	1,695	2,500
Program Support	821	-	-
Program Support	821	-	-

Request by Objective by Account, FY 2009

(\$ in thousands)	Total	P&S	GJD	IIP	EG	HA	PS
TOTAL	25,035	10,425	6,450	2,500	5,660	-	-
Assistance for Eastern Europe and Baltic States	18,910	4,300	6,450	2,500	5,660	-	-
Foreign Military Financing	4,000	4,000	-	-	-	-	-
International Military Education and Training	850	850	-	-	-	-	-
Nonproliferation, Antiterrorism, Demining and Related Programs	1,275	1,275	-	-	-	-	-

Peace and Security: The United States supports Albania's goal to integrate into Euro-Atlantic institutions and its aspirations for an invitation to North Atlantic Treaty Organization (NATO) membership, which may occur in 2008. Albania remains an extraordinarily strong supporter and partner in the war on terror, a partnership that must be maintained and enhanced. Albania has increased troop commitments in both Iraq and Afghanistan and pledged to double its presence in Iraq this year. Regardless of the outcome of Albania's NATO aspirations for 2008, increased assistance will develop and modernize the Albanian armed forces in order to provide a better prepared and more interoperable force. In addition, U.S. assistance provided via the Department of State will improve the organization and professionalization of law enforcement, specifically tackling transnational crime, combating terrorism, interdicting weapons of mass destruction, and cutting sources of terrorist financing. Assistance will also work to counter illicit weapons and human trafficking.

Governing Justly and Democratically: Albania's NATO and the European Union (EU) accession plans are contingent upon showing results from a more aggressive effort against organized crime and corruption, more effective governance, and improved public sector and judicial accountability. U.S. assistance provided via the Department of State and the U.S. Agency for International Development (USAID) will help Albania strengthen its independent audit and oversight institutions that deter and detect corrupt practices; improve its justice system by implementing transparency and efficiency-enhancing measures in district and appellate courts; build capacity through prosecutor training; and promote cooperation between prosecutors and law enforcement. The United States will also help Albania consolidate a decade of decentralization reforms by working at the local level to improve the

performance of city governments through public-private partnerships, better service delivery and urban planning. U.S. support will also help Albania's non-governmental organizations become more effective as policymaking and pressure groups and will continue to build the capacity of "watchdog" organizations.

Investing in People: Low health indicators, inadequate support and inefficiency in the health sector could inhibit Euro-Atlantic integration and undercut economic growth. Changes in the way primary health care in Albania is organized, financed, delivered and promoted are needed to reduce the incidence of disease and provide protection to vulnerable groups. The Government of Albania (GOA) has made health care a priority, but to raise overall health standards, the United States will need to continue support to improve preventive and primary health care and reform health systems. Severe fiscal constraints make large increases in health investment uncertain. U.S. assistance provided via USAID will focus on implementing extensive legal, regulatory, financial and programmatic reforms of the health care system that are essential to raising health indicators. Albania has the lowest contraceptive prevalence rate in Eastern Europe. Assistance will be provided for maternal and child health, voluntary family planning and reproductive health and other public health threats. The result will be more efficient, accessible and higher quality primary health care leading to significant improvements in health indicators and an overall contribution to socioeconomic stability.

Economic Growth: Albania faces a major challenge in addressing economic inequality and poverty. Decades of isolation have left its economy and infrastructure in far worse condition than its neighbors. Sustained economic growth – the engine for Albania's development – is critical to EU and NATO accession and to Albania's ability to continue as a moderating force in the Balkans. The economy shows consistent recent growth, fueled by macroeconomic stability and remittances, but remains fragile. The lack of a reliable and adequate energy supply suppresses private enterprise growth and investment, health and safety. Albania must improve domestic production and increase exports to prosper in today's economically interdependent system. Priority programs include supporting private sector productivity, agriculture sector productivity, trade and investment capacity, and modern energy services. U.S. assistance provided by USAID will help improve the competitiveness of the Albanian private sector through improved technology, standards, management practices and access to markets. Assistance to the energy sector will focus on regional energy market integration, regulatory development and privatization, and improved utility management practices. The impact of U.S. economic growth assistance will be a significant improvement in private sector productivity and competitiveness, an increase in both domestic and foreign direct investment, and improvement in energy market development.

Linkages with the Millennium Challenge Corporation

Albania was selected by the Millennium Challenge Corporation as eligible for Stage II program funding for FY 2008. The Government of Albania was invited to submit a Threshold country plan for the Stage II Threshold program. The initial Threshold program approved for \$13.85 million in 2006 and which will end in September 2008 focuses on reducing opportunities for corruption in tax

administration, public procurement, and business registration.

Overview of Major Changes

The FY 2009 request level for Albania represents an increase from the FY 2008 estimate. The increase reflects the need to consolidate gains made in reform across a number of sectors. The increase in Peace and Security funding supports Albania's increasing participation in coalition operations, Albania's NATO aspirations, and the primacy placed on integration into Euro-Atlantic institutions. There have also been increases in good governance, specifically targeted at anti-corruption reform; trade and investment and agricultural productivity; maternal and child health; and financial sector assistance. However, overall health assistance funding declined slightly. These funding shifts are targeted at gaps in key indicators, specifically aimed at addressing corruption in Albania, and reflect both Albania's increasing ability to take on more responsibility for military sector development, and its solid financial sector growth.

Armenia

Program Overview

U.S. assistance to Armenia supports democratic, economic, and social reforms designed to promote regional stability, and supplement U.S diplomatic efforts to peacefully resolve the long-running conflict with Azerbaijan over Nagorno-Karabakh and reopen the closed borders with Azerbaijan and Turkey. Assistance is designed to transform the country into a stable partner, at peace with its neighbors, where democracy, human rights, and the rule of law are respected and the benefits of sustained economic growth are widely shared.

Resources to Advance Transformational Diplomacy

Request by Account by Fiscal Year

(\$ in thousands)	FY 2007	FY 2008	FY 2009
	Actual	Estimate	Request
TOTAL	63,792	62,388	27,900
Child Survival and Health	-	500	-
Foreign Military Financing	3,883	2,976	3,000
FREEDOM Support Act	58,000	58,026	24,000
International Military Education and Training	904	286	300
Nonproliferation, Antiterrorism, Demining and Related Programs	1,005	600	600

Request by Program Area by Fiscal Year

(\$ in thousands)	FY 2007	FY 2008	FY 2009
	Actual	Estimate	Request
TOTAL	63,792	62,388	27,900
Peace and Security	12,212	8,715	6,300
Counter-Terrorism	225	-	-
Combating Weapons of Mass Destruction (WMD)	4,680	3,350	1,100
Stabilization Operations and Security Sector Reform	6,307	4,065	4,000
Transnational Crime	500	800	700
Conflict Mitigation and Reconciliation	500	500	500
Governing Justly and Democratically	17,915	21,098	7,650
Rule of Law and Human Rights	1,787	2,786	1,500
Good Governance	3,825	3,310	2,500
Political Competition and Consensus-Building	1,297	3,100	700
Civil Society	11,006	11,902	2,950
Investing in People	13,976	10,900	6,100
Health	9,591	6,100	3,450

(\$ in thousands)	FY 2007	FY 2008	FY 2009
	Actual	Estimate	Request
TOTAL	63,792	62,388	27,900
Education	1,097	1,000	-
Social Services and Protection for Especially Vulnerable People	3,288	3,800	2,650
Economic Growth	17,491	20,075	7,350
Macroeconomic Foundation for Growth	2,463	2,000	400
Trade and Investment	1,587	1,350	400
Financial Sector	2,100	3,400	1,600
Infrastructure	1,990	5,800	650
Agriculture	4,100	4,400	2,700
Private Sector Competitiveness	4,651	3,125	1,600
Economic Opportunity	100	-	-
Environment	500	-	-
Humanitarian Assistance	1,400	1,600	500
Protection, Assistance and Solutions	1,400	1,600	500
Program Support	798	-	-
Program Support	798	-	-

Request by Objective by Account, FY 2009

(\$ in thousands)	Total	P&S	GJD	IIP	EG	HA	PS
TOTAL	27,900	6,300	7,650	6,100	7,350	500	-
Foreign Military Financing	3,000	3,000	-	-	-	-	-
FREEDOM Support Act	24,000	2,400	7,650	6,100	7,350	500	-
International Military Education and Training	300	300	-	-	-	-	-
Nonproliferation, Antiterrorism, Demining and Related Programs	600	600	-	-	-	-	-

Peace and Security: U.S. assistance to Armenia will work to enhance regional and global security in support of the war on terror by strengthening Armenia's borders, particularly with Iran, and by helping the Government of Armenia implement effective strategic trade controls to prevent trafficking in weapons of mass destruction, small arms, narcotics and persons. Department of State and U.S. Agency for International Development (USAID) funded programs will support the establishment of a professional, North Atlantic Treaty Organization (NATO)-interoperable Armenian military capable of combating terrorism, protecting its territory and participating in international peacekeeping exercises and operations; training and technical assistance to investigators and financial institutions to fight corruption; and conflict mitigation projects through research and grants to non-governmental organizations.

Governing Justly and Democratically: Despite advances, Armenia's democratic institutions remain underdeveloped and the country's adherence to democratic principles is inconsistent. The United

States, through the Department State and USAID, will provide funding to support constitutional reforms related to the separation of government powers and work to build a network of civil society leaders that can forge links between the public and elected officials. Funds will be used to promote democratic pluralism by strengthening political parties and increasing citizen engagement in the political process; strengthen respect for human rights by law enforcement officials; work with local government to improve their responsiveness to the needs of their communities; support organizations that advocate for the rights of journalists and work with media outlets to achieve self-sustainability; and promote checks on executive authority by strengthening the legislature and judiciary. Working with civil society and targeted government agencies, U.S. assistance will continue to provide Armenians with tools to combat corrupt practices, change social attitudes and behavior among youth about the consequences of corruption, and encourage systemic change designed to prevent and reduce corruption.

Investing in People: The United States, through USAID, will support an increase in living standards by addressing key challenges within the health, social, and water sectors. In the health sector, funds will strengthen the primary health care system, including the capacity to deliver better health care services that address communicable and non-communicable diseases, reproductive health, voluntary family planning, and maternal and child health. In the social sector, efforts will focus on developing capacity and services in four fundamental social protection areas: social insurance (including pensions), employment services, occupational safety, and social assistance for particularly vulnerable populations. In the water sector, access to water will be improved through regulatory reform, better water management, and improvements in water services.

Economic Growth: Armenia's strong macro-economic growth, driven by remittances and construction spending, masks underlying weaknesses in the private sector. To spur private sector development and thus support the sustainability of economic growth, U.S. funded programs through the Department of State and USAID will broaden and deepen the financial sector to ensure the availability of private financing for business expansion, provide technical assistance to promising industries with the potential for job creation, and assist in reforming Armenia's tax system. These efforts will increase access to economic opportunity for all, thus contributing to our investments in political stability, democratic reforms, and anti-corruption efforts. Through the Department of Energy, the Nuclear Regulatory Commission and USAID, U.S. assistance will also continue to support safety enhancements at Armenia's nuclear power plant and to help Armenia develop indigenous and other energy resources to improve energy security and reduce import dependence.

Humanitarian Assistance: Department of State programs will provide targeted humanitarian projects to assist the neediest populations in Armenia, including those displaced by the Nagorno-Karabakh conflict, the elderly, the disabled, orphans, children, the extreme poor, and the institutionalized. The United States will provide medicines, medical supplies and equipment, food, clothing, and emergency shelter items; provide disaster response; and execute small reconstruction projects.

Linkages with the Millennium Challenge Corporation

In March 2006, a five-year \$235 million Millennium Challenge Corporation (MCC) Compact was signed with Armenia. The main goal of the program is to reduce rural poverty through improvements in the agriculture sector, including rehabilitating rural roads and improving irrigation systems. The programs described the Economic Growth Objective are designed to provide a stronger economic enabling environment for this Compact as well as to complement the rural growth that MCC assistance is targeted to boost.

Overview of Major Changes

The overall request for Armenia in FY 2009 reflects a decrease from FY 2008 levels. The reduction was reflected across all objective levels. In anticipation of the completion of Armenia's 2007-2008 elections cycle and a multi-year project to update the civil registry and voter list, allocations under Governing Justly and Democratically will shift to fund a major new program focusing on anti-corruption reforms. Assistance under Investing in People will shift to allow for further strengthening of the primary healthcare system and reforming social protection programs. Humanitarian assistance will decrease with the expectation that the Government of Armenia will begin to contribute more to social reform and assisting refugees of the Nagorno-Karabakh conflict.

Azerbaijan

Program Overview

While Azerbaijan is taking important steps to harness the revenue from its energy resources, much remains to be done to promote the fundamental political and economic reforms required to improve the quality of life and meet the democratic aspirations of the Azerbaijani people. U.S. assistance to Azerbaijan works to: 1) promote democratic reform and good governance by strengthening democratic institutions of government and civil society, creating conditions conducive to free and fair elections, and combating corruption and strengthening the rule of law; 2) combat domestic and transnational criminal activities, including money laundering, terrorist financing, corruption, trafficking in persons and drug trafficking; 3) broaden and diversify economic growth by addressing critical economic policy and institutional constraints and promoting stability and sustainable growth in the non-oil sectors of the economy; and 4) improve access to and quality of primary and reproductive health care by increasing the efficiency in health budget allocations. The United States will look to Azerbaijan to co-finance some assistance programs, particularly in the areas of economic growth and social services.

Resources to Advance Transformational Diplomacy

Request by Account by Fiscal Year

(\$ in thousands)	FY 2007 Actual	FY 2008 Estimate	FY 2009 Request
TOTAL	39,368	26,345	24,700
Child Survival and Health	-	1,494	-
Foreign Military Financing	3,883	2,976	3,000
FREEDOM Support Act	30,000	18,846	19,500
International Military Education and Training	907	952	900
Nonproliferation, Antiterrorism, Demining and Related Programs	4,578	2,077	1,300

Request by Program Area by Fiscal Year

(\$ in thousands)	FY 2007 Actual	FY 2008 Estimate	FY 2009 Request
TOTAL	39,368	26,345	24,700
Peace and Security	11,408	7,053	6,500
Counter-Terrorism	873	397	300
Combating Weapons of Mass Destruction (WMD)	1,845	1,400	1,000
Stabilization Operations and Security Sector Reform	8,040	5,106	5,100
Transnational Crime	50	150	100
Conflict Mitigation and Reconciliation	600	-	-

(\$ in thousands)	FY 2007	FY 2008	FY 2009
	Actual	Estimate	Request
TOTAL	39,368	26,345	24,700
Governing Justly and Democratically	12,694	9,843	10,300
Rule of Law and Human Rights	1,910	1,922	1,700
Good Governance	1,805	1,520	2,000
Political Competition and Consensus-Building	1,860	2,152	2,900
Civil Society	7,119	4,249	3,700
Investing in People	3,000	3,696	1,900
Health	3,000	3,696	1,900
Economic Growth	10,805	5,253	5,750
Macroeconomic Foundation for Growth	3,034	1,294	950
Trade and Investment	2,890	1,199	1,300
Financial Sector	1,085	1,142	1,000
Infrastructure	-	700	-
Agriculture	2,851	100	1,100
Private Sector Competitiveness	945	818	1,400
Humanitarian Assistance	1,000	500	250
Protection, Assistance and Solutions	1,000	500	250
Program Support	461	-	-
Program Support	461	-	-

Request by Objective by Account, FY 2009

(\$ in thousands)	Total	P&S	GJD	IIP	EG	HA	PS
TOTAL	24,700	6,500	10,300	1,900	5,750	250	-
Foreign Military Financing	3,000	3,000	-	-	-	-	-
FREEDOM Support Act	19,500	1,300	10,300	1,900	5,750	250	-
International Military Education and Training	900	900	-	-	-	-	-
Nonproliferation, Antiterrorism, Demining and Related Programs	1,300	1,300	-	-	-	-	-

Peace and Security: Department of State funded programs will support the war on terror and the struggle against other transnational threats. Assistance will strengthen Azerbaijani security institutions, moving them towards North Atlantic Treaty Organization (NATO) standards and improving their ability to work with the United States in Coalition operations, as well as continue to help develop Azerbaijani maritime capabilities and contribute to the overall security of the resource-rich Caspian Sea. Programs will help improve Azerbaijan's airspace management capabilities as well as modernization and interoperability of the military with NATO through the Partnership for Peace. The United States will support defense, military, and border security restructuring, reform, and operations to inhibit weapons of mass destruction, small arms, narcotics, human, and other illicit trafficking. U.S. assistance will also strengthen the ability of the Prosecutor General's anti-corruption

unit to fight financial crimes and money laundering as well as strengthen government capabilities to develop a comprehensive anti-terrorism and anti-money laundering regime.

Governing Justly and Democratically: Department of State and U.S. Agency for International Development (USAID) funding will support programs to combat corruption, improve governance, foster democratic reform, promote independent media and access to information, strengthen the legislature, build the capacity of civil society, and work to ensure the protection of fundamental human rights and freedoms. Advances are needed in these areas to promote the government transparency and accountability needed for Azerbaijan to be a reliable partner of the United States and to ensure that the country's energy revenues are used to improve the lives of its citizens. U.S. programs also will strengthen the capacity and independence of the justice sector and help increase access to justice.

Investing in People: With a comparatively high child mortality rate and government health expenditures as a percentage of GDP among the lowest in the world, social investment will be critical to the long-term development of Azerbaijan. USAID programs will support primary health care reforms that improve health governance and finance resulting in more efficient use of the health budget, and increase access and quality of health services which should result in a reduction of the country's high under-five mortality rate. Voluntary family planning and reproductive health programs will increase the use of modern methods of family planning.

Economic Growth: Azerbaijan risks falling victim to the consequences of "Dutch Disease," i.e. long-term trade and fiscal imbalances resulting from excessive dependence on the energy sector. This is combined with inadequate policy, technical, institutional, and financial support to the non-energy sectors. Consequently, USAID funded programs will focus on economic diversification, private sector development, transparency in revenue and expenditure management processes, anti-inflation strategies, and sustainable development. As necessary, the United States will also continue to provide technical assistance to Azerbaijan on World Trade Organization (WTO) accession.

Humanitarian Assistance: Through the Department of State, U.S. humanitarian assistance will focus on relieving the suffering of the large number of internally displaced persons (IDPs) uprooted from their homes by the unsettled conflict in Nagorno-Karabakh and living in the most challenging conditions in IDP camps spread throughout Azerbaijan. Projects will deliver and distribute medicines, medical supplies, food, clothing, health and emergency shelter items, respond to disasters, and execute small reconstruction projects.

Overview of Major Changes

The overall request for Azerbaijan in FY 2009 reflects a decrease from FY 2008 levels. With the exception of slight increases in Governing Justly and Democratically and Economic Growth, objective request levels are reduced. Humanitarian Assistance will decrease substantially in FY 2008 and will retain a small program in FY 2009 focused on assistance to the neediest IDPs.

Belarus

Program Overview

The broad goal of transformational diplomacy in Belarus is to support its transition from one of the world's "outposts of tyranny" to a democratic, peaceful, and prosperous state. Belarus has an authoritarian regime that suppresses pro-democracy groups, alternative political voices, and sources of independent information. Obstacles include the government's disregard of fundamental rights of assembly, association, and expression; human rights abuses, including those committed against demonstrators, pro-democracy activists, and opposition politicians; regime control of nearly all media outlets and severe restrictions of press freedoms; criminal penalties both for "discrediting Belarus" and for organizing activities of an unregistered non-governmental organization (NGO); a highly restricted and restrictive operating environment for assistance; restrictions on freedom of religion; and a justice system that is used as a tool of oppression. U.S. assistance will support robust democracy promotion with the goal of empowering the Belarusian people to determine their future and reform their state. Social and humanitarian programs will fight transnational threats and demonstrate U.S. support for the well-being of the Belarusian people.

Resources to Advance Transformational Diplomacy

Request by Account by Fiscal Year

(\$ in thousands)	FY 2007 Actual	FY 2008 Estimate	FY 2009 Request
TOTAL	11,337	10,192	10,000
FREEDOM Support Act	11,187	10,192	10,000
Nonproliferation, Antiterrorism, Demining and Related Programs	150	-	-

Request by Program Area by Fiscal Year

(\$ in thousands)	FY 2007 Actual	FY 2008 Estimate	FY 2009 Request
TOTAL	11,337	10,192	10,000
Peace and Security	150	-	-
Combating Weapons of Mass Destruction (WMD)	150	-	-
Governing Justly and Democratically	8,950	9,162	8,840
Political Competition and Consensus-Building	1,222	2,000	1,500
Civil Society	7,728	7,162	7,340
Investing in People	1,547	730	860
Health	450	-	100
Education	617	400	330
Social Services and Protection for Especially Vulnerable People	480	330	430

(\$ in thousands)	FY 2007	FY 2008	FY 2009
	Actual	Estimate	Request
TOTAL	11,337	10,192	10,000
Humanitarian Assistance	400	300	300
Protection, Assistance and Solutions	400	300	300
Program Support	290	-	-
Program Support	290	-	-

Request by Objective by Account, FY 2009

(\$ in thousands)	Total	P&S	GJD	IIP	EG	HA	PS
TOTAL	10,000	-	8,840	860	-	300	-
FREEDOM Support Act	10,000	-	8,840	860	-	300	-

Governing Justly and Democratically: The fundamental focus of U.S. assistance will be to strengthen the capacity of the pro-democracy opposition, civil society, and independent media to engage a growing share of the population and deepen and broaden the demand within Belarus for democratic change. Through the U.S. Agency for International Development (USAID) and the Department of State, this assistance will support external media and exchanges to promote access to independent information and exposure to democratic values. Funds also will be provided for polling and political process and party development. Given the Government of Belarus's harassment, intimidation and imprisonment of pro-democracy activists and other individuals exercising their fundamental rights, U.S. funding will support oppressed activists in defense of human rights.

Assistance will focus on developing the capacity of pro-democracy parties and on strengthening civil society groups and associations of those with a stake in democratic change, such as youth, women, students and independent journalists. This assistance will also build civil society's partnership with the pro-democracy political parties to increase the breadth of public participation in political life and enhance the ability of the parties to appeal to Belarusians on the basis of an issues-based platform. Training economists and supporting exchanges, think tanks, conferences and media analysis will give pro-democracy Belarusians the tools to define economic alternatives to the current regime's mismanagement of the economy. U.S. assistance under this objective will continue to emphasize cross-border cooperation and networking in order to strengthen local civil society and increase the exposure of Belarusians to their democratic neighbors.

Investing in People: Assistance under this objective will be targeted to build the capacity of the pro-democracy movement through higher education, demonstrate U.S. concern for the Belarusian people, and address the border-transcending problems of trafficking in persons and tuberculosis. USAID programs will provide training in basic job skills and facilitate employment access for vulnerable populations, including those vulnerable to trafficking, in depressed and border areas. U.S. assistance under this objective will continue to build NGO sustainability and emphasize cross-border NGO cooperation and networking in order to strengthen local civil society and increase the exposure of Belarusians to their democratic neighbors. Assistance for higher education will provide support to

students looking for an alternative to the regime-dominated system of higher education as well as those deprived of an education due to democratic activism. Funding will support distance learning through and capacity-building of the European Humanities University, an independent Belarusian institution operating in Lithuania.

Humanitarian Assistance: Department of State programs will support the delivery of donated medicine, medical and relief supplies, and medical expertise to the most vulnerable Belarusian populations and support community-based provision of services to orphans and other vulnerable populations. This assistance and related public diplomacy efforts will reinforce U.S. concern for the Belarusian people.

Overview of Major Changes

The proposed FY 2009 level of funding for Belarus represents a slight decrease from the FY 2008 level. Funding distribution across the objectives places a strong priority on the Governing Justly and Democratically Objective. Proposed funding reflects the focus of U.S. policy on robust democracy promotion in Belarus and allows the United States and other donors to maximize assistance funding in their areas of comparative advantage.

Bosnia and Herzegovina

Program Overview

A democratic, economically sound, and secure Bosnia and Herzegovina (BiH) is critical to stability in the Balkans. However, BiH continues to face the challenges of porous borders, fractious relations between ethnic groups, complex and overlapping layers of government, endemic corruption, and nascent state-level government structures. U.S. assistance focuses on helping BiH develop fully functioning, state-level institutions and structures capable of managing its national security, economy, and governance. Priorities for U.S. foreign assistance are strengthening national capacity for defense, counter-terrorism, and rule of law including law enforcement. Continued progress in the economic and governance spheres also is essential to ensure that BiH remains on the path toward European and Euro-Atlantic integration and toward becoming a fully democratic, multi-ethnic state.

Resources to Advance Transformational Diplomacy

Request by Account by Fiscal Year

(\$ in thousands)	FY 2007 Actual	FY 2008 Estimate	FY 2009 Request
TOTAL	42,844	33,260	37,845
Assistance for Eastern Europe and Baltic States	32,100	27,773	29,485
Foreign Military Financing	8,550	3,292	5,585
International Military Education and Training	956	952	1,000
Nonproliferation, Antiterrorism, Demining and Related Programs	1,238	1,243	1,775

Request by Program Area by Fiscal Year

(\$ in thousands)	FY 2007 Actual	FY 2008 Estimate	FY 2009 Request
TOTAL	42,844	33,260	37,845
Peace and Security	15,110	10,287	13,660
Counter-Terrorism	750	843	1,075
Combating Weapons of Mass Destruction (WMD)	488	400	700
Stabilization Operations and Security Sector Reform	13,272	8,844	11,685
Transnational Crime	600	200	200
Governing Justly and Democratically	19,062	14,804	13,865
Rule of Law and Human Rights	6,980	9,131	7,970
Good Governance	4,650	3,126	3,145
Civil Society	7,432	2,547	2,750
Economic Growth	6,747	8,169	10,320
Macroeconomic Foundation for Growth	1,025	912	1,000

(\$ in thousands)	FY 2007	FY 2008	FY 2009
	Actual	Estimate	Request
TOTAL	42,844	33,260	37,845
Trade and Investment	-	100	200
Infrastructure	459	-	-
Private Sector Competitiveness	2,908	3,357	6,900
Economic Opportunity	2,355	3,800	2,220
Program Support	1,925	-	-
Program Support	1,925	-	-

Request by Objective by Account, FY 2009

(\$ in thousands)	Total	P&S	GJD	IIP	EG	HA	PS
TOTAL	37,845	13,660	13,865	-	10,320	-	-
Assistance for Eastern Europe and Baltic States	29,485	5,300	13,865	-	10,320	-	-
Foreign Military Financing	5,585	5,585	-	-	-	-	-
International Military Education and Training	1,000	1,000	-	-	-	-	-
Nonproliferation, Antiterrorism, Demining and Related Programs	1,775	1,775	-	-	-	-	-

Peace and Security: Since the landmark defense reforms unifying the entity militaries into a national armed forces and BiH's accession into the Partnership for Peace, U.S. security assistance has shifted from a strategy of deterring conflict within BiH to helping it align, equip, and train state-level structures and institutions capable of contributing to global security. BiH has contributed five rotations of military explosive ordinance disposal units to the multinational force in Iraq, demonstrating its transition from a consumer to an exporter of security assistance. Department of State funding for defense, military and border security restructuring, reform and operations will support the unified national-level defense structure under a national ministry and operational command, with common training, personnel systems, and uniforms. This will eventually transform the armed forces of BiH into a professional, multi-ethnic and North Atlantic Treaty Organization (NATO)-interoperable force.

U.S. assistance will provide technical assistance and equipment to BiH law enforcement institutions, particularly new state-level agencies, to professionalize domestic law enforcement and build their capacity to fight organized crime and terrorism. Building expertise in countering illicit trafficking in conventional weapons and weapons of mass destruction (WMD)-related materials is also vital to reducing the availability of small arms and light weapons, preventing the proliferation of WMD, and enhancing border security, in a country where transnational movement of terrorists threatens U.S. national security. U.S. assistance will provide technical assistance in fighting financial crimes, money laundering, trafficking in persons, and migrant smuggling, as well as training in areas such as airport security management, hostage negotiation, crisis response, rural border patrol operations and VIP

protection. The goal of these programs is to enable the Government of BiH to institutionalize and sustain skills within their police training academy.

Governing Justly and Democratically: With the end of BiH's recent political crisis, a range of U.S. technical assistance activities will enable progress in the democracy area. This includes helping BiH reform its constitution, laws and legal institutions; strengthen the effectiveness of its political processes; and enact local government reform and decentralization at the canton and municipal level. U.S. Agency for International Development (USAID) and Department of State programs will help reduce corruption and strengthen justice sector capabilities and judicial independence through training of investigators, prosecutors and judges; justice sector technical assistance; and secondment of prosecutors and judges to state-level institutions. The United States will assist BiH to strengthen its civil society and increase participation of vulnerable and minority groups. To support human rights in BiH and facilitate the completion strategy for the International Criminal Tribunal for the Former Yugoslavia (ICTY), the United States will provide assistance to the war crimes chamber of the State Court, building local capacity and enabling it to assume cases from ICTY. The United States will continue to support identification of the missing found in mass graves in Srebrenica and throughout BiH.

Economic Growth: Significant progress has already been made in helping BiH modernize its economy. Past U.S. support for tax reform, the banking sector and the privatization of state owned enterprises are notable successes. BiH also accelerated efforts to remove impediments to small and medium enterprises. However, indicators for ease of business formation in BiH are still quite low, and the country remains one of the poorest in the region. Follow-on assistance will focus on strengthening the business and financial sector enabling environments and the policy environment for micro and small enterprises. To help BiH attract foreign direct investment and improve its access to other markets, USAID and the Departments of Treasury and Commerce will provide technical assistance to develop capacity and the enabling environment for trade and investment. The United States must ensure sufficient expertise in financial management marketing and other aspects of private sector operation in BiH for prior investments to be sustainable.

Overview of Major Changes

The increase in the FY 2009 request for BiH over the FY 2008 level reflects the need to remedy the country's uneven progress on reform and bring U.S. resources and pressure to bear on BiH's continued integration into Euro-Atlantic institutions, a process threatened by the failure of constitutional reform and later political crisis in 2007. The resurgence of ethnic nationalism surrounding the October 2006 elections highlighted the deep political cleavages and obstacles to consolidating governance at the state level. The international community postponed plans to transition the Office of the High Representative (OHR) to a less intrusive European Union presence in June 2007, largely as a result of the lack of progress on reforms. Much work remains to strengthen state institutions and rationalize policies, systems, and structures at all levels of government. In this context, the FY 2009 request contains an increase in Peace and Security to keep assistance to BiH

state-level military and law enforcement institutions robust. Additional funds for Economic Growth will help improve private-sector competitiveness, streamline the regulatory environment, and foster a single economic space in BiH.

Bulgaria

Program Overview

Bulgaria has made impressive progress, becoming a North Atlantic Treaty Organization (NATO) member in 2004 and entering the European Union in January 2007. Ensuring that Bulgaria remains a dependable and increasingly capable NATO ally is a key priority for U.S. assistance. Bulgaria is a steadfast contributor to the war on terror and coalition operations in Iraq, Afghanistan, Kosovo, and Bosnia and Herzegovina. At the same time, it is reliant on U.S. assistance to complete its military modernization, improve its interoperability with NATO, and increase its deployment capabilities. Bulgaria also continues to possess enormous stockpiles of Cold War-era small arms and light weapons and ammunition, stored at poorly maintained and insecure facilities. The U.S. focus will remain on helping Bulgaria build the capabilities it needs to become a truly integrated member of the Euro-Atlantic family of democratic nations and a strong partner of the United States in countering common security threats.

Resources to Advance Transformational Diplomacy

Request by Account by Fiscal Year

(\$ in thousands)	FY 2007	FY 2008	FY 2009
	Actual	Estimate	Request
TOTAL	11,059	8,502	11,000
Foreign Military Financing	9,625	6,584	9,000
International Military Education and Training	1,434	1,618	1,600
Nonproliferation, Antiterrorism, Demining and Related Programs	-	300	400

Request by Program Area by Fiscal Year

(\$ in thousands)	FY 2007	FY 2008	FY 2009
	Actual	Estimate	Request
TOTAL	11,059	8,502	11,000
Peace and Security	11,059	8,502	11,000
Stabilization Operations and Security Sector Reform	11,059	8,502	11,000

Request by Objective by Account, FY 2009

(\$ in thousands)	Total	P&S	GJD	IIP	EG	HA
TOTAL	11,000	11,000	-	-	-	-
Foreign Military Financing	9,000	9,000	-	-	-	-
International Military Education and Training	1,600	1,600	-	-	-	-

(\$ in thousands)	Total	P&S	GJD	IIP	EG	HA
TOTAL	11,000	11,000	-	-	-	-
Nonproliferation, Antiterrorism, Demining and Related Programs	400	400	-	-	-	-

Peace and Security: The top U.S. priority for assistance to Bulgaria in FY 2009 is to complete its military transformation and improve its NATO interoperability to enable effective participation in NATO and other Coalition operations. U.S. assistance via the Department of State will support security restructuring, reform, and operations by building Bulgaria's NATO niche capabilities and also will support Bulgaria's current participation in Coalition operations. The United States also will counter illicit trafficking in conventional weapons by supporting the destruction of Bulgaria's excess small arms and light weapons and ammunition, which are a proliferation risk and a threat to the civilian population. Safeguarding these stockpiles drains Bulgaria's military resources, hampering its ability to become a fully professionalized, modern military.

Overview of Major Changes

The FY 2009 request represents an increase from the FY 2008 level. This increase is symbolic of the growing U.S.-Bulgaria defense relationship represented by Bulgaria's 2004 entry into NATO and Bulgaria's 2005 bilateral defense cooperation agreement with the United States, which will further increase U.S. activities with the Bulgarian military. The increase will allow Bulgaria to build on its Iraq and Afghanistan deployments.

Croatia

Program Overview

Though Croatia graduated from U.S. transition assistance in FY 2006, U.S. assistance is still needed to secure Croatia's borders, improve cross-border cooperation, strengthen law enforcement capabilities, combat the proliferation of weapons of mass destruction, and promote defense reform and military restructuring.

Resources to Advance Transformational Diplomacy

Request by Account by Fiscal Year

(\$ in thousands)	FY 2007	FY 2008	FY 2009
	Actual	Estimate	Request
TOTAL	814	765	2,800
Foreign Military Financing	-	-	1,800
International Military Education and Training	75	170	500
Nonproliferation, Antiterrorism, Demining and Related Programs	739	595	500

Request by Program Area by Fiscal Year

(\$ in thousands)	FY 2007	FY 2008	FY 2009
	Actual	Estimate	Request
TOTAL	814	765	2,800
Peace and Security	814	765	2,800
Counter-Terrorism	83	-	-
Combating Weapons of Mass Destruction (WMD)	656	595	500
Stabilization Operations and Security Sector Reform	75	170	2,300

Request by Objective by Account, FY 2009

(\$ in thousands)	Total	P&S	GJD	IIP	EG	HA
TOTAL	2,800	2,800	-	-	-	-
Foreign Military Financing	1,800	1,800	-	-	-	-
International Military Education and Training	500	500	-	-	-	-
Nonproliferation, Antiterrorism, Demining and Related Programs	500	500	-	-	-	-

Peace and Security: U.S. assistance, via the Department of State, will focus on securing Croatia's borders, improving cross-border cooperation, strengthening law enforcement capabilities, and

combating the proliferation of weapons of mass destruction. Funding will also promote defense reform and military restructuring, which are essential for establishing interoperability capabilities required both to participate in Coalition operations with the United States and to meet NATO's performance-based membership criteria.

Overview of Major Changes

The overall request for Croatia in FY 2009 reflects the fact that it is now eligible for military education and training programs.

Cyprus

Program Overview

U.S. assistance to Cyprus focuses on creating conditions conducive to resolution of the Cyprus dispute, supporting reunification of the island, promoting mutual understanding between the Greek Cypriot and Turkish Cypriot communities, addressing economic disparities between the two communities, and supporting initiatives that encourage a durable, comprehensive settlement.

Resources to Advance Transformational Diplomacy

Request by Account by Fiscal Year

(\$ in thousands)	FY 2007	FY 2008	FY 2009
	Actual	Estimate	Request
TOTAL	18,074	10,911	11,000
Economic Support Fund	17,800	10,911	11,000
Nonproliferation, Antiterrorism, Demining and Related Programs	274	-	-

Request by Program Area by Fiscal Year

(\$ in thousands)	FY 2007	FY 2008	FY 2009
	Actual	Estimate	Request
TOTAL	18,074	10,911	11,000
Peace and Security	18,074	10,911	11,000
Combating Weapons of Mass Destruction (WMD)	274	-	-
Conflict Mitigation and Reconciliation	17,800	10,911	11,000

Request by Objective by Account, FY 2009

(\$ in thousands)	Total	P&S	GJD	IIP	EG	HA
TOTAL	11,000	11,000	-	-	-	-
Economic Support Fund	11,000	11,000	-	-	-	-

Peace and Security: U.S. assistance provided through the Department of State and the U.S. Agency for International Development addresses the factors impeding a political settlement, encourages the growth of pro-solution political will, and builds the capacity of civil society across the island to advocate for reconciliation and reunification. The United States is the main donor providing foreign assistance in Cyprus that promotes a settlement. The European Union's (EU) aid and trade assistance to the Turkish Cypriots following their pro-reunification vote in 2004 focuses on infrastructure and harmonization with EU standards. It also provides a more modest amount to promote reconciliation between the two communities.

U.S. assistance concentrates on encouraging Greek Cypriots and Turkish Cypriots to work together to resolve shared problems, creating economic opportunities and enhancing economic growth in the Turkish Cypriot community, and broadening Turkish Cypriot access to Greek Cypriot markets and services as well as to U.S. and international markets for trade and investment. U.S. assistance provides the primary resources for programs in critical areas such as banking reform, private sector-led growth, workforce development, vocational training, natural resource management, and the adoption of international norms that include anti-money laundering measures. Scholarships, training, and grant programs provide opportunities for individuals and civil society groups to network and work together in areas of common interest, such as the prevention of trafficking in persons, tolerance and education activities, preservation of cultural heritage, and management of natural resources.

Overview of Major Changes

The FY 2009 request for Cyprus is comparable to the FY 2008 level.

Czech Republic

Program Overview

The Czech Republic has embraced a pro-transatlantic foreign policy and democratic transformation around the world. With its membership in the North Atlantic Treaty Organization (NATO), the European Union (EU), and the World Trade Organization (WTO), combined with increasing activism in international affairs, the Czech Republic has proven an important and reliable ally in promoting democracy, market reforms, anti-terrorism, missile defense, and nonproliferation. Despite the increasing political, material, and human cost of supporting and participating in the Coalition military operations, the Czech Republic stands resolute as one of the U.S.'s strongest security partners. Continuing security assistance provides an opportunity to secure the benefits of peace and stability for the region and to further support participation of the armed forces of the Czech Republic in Coalition operations alongside the United States in pursuit of mutual security interests and goals.

Resources to Advance Transformational Diplomacy

Request by Account by Fiscal Year

(\$ in thousands)	FY 2007	FY 2008	FY 2009
	Actual	Estimate	Request
TOTAL	5,111	3,275	5,050
Foreign Military Financing	3,245	1,975	3,500
International Military Education and Training	1,866	1,300	1,550

Request by Program Area by Fiscal Year

(\$ in thousands)	FY 2007	FY 2008	FY 2009
	Actual	Estimate	Request
TOTAL	5,111	3,275	5,050
Peace and Security	5,111	3,275	5,050
Stabilization Operations and Security Sector Reform	5,111	3,275	5,050

Request by Objective by Account, FY 2009

(\$ in thousands)	Total	P&S	GJD	IIP	EG	HA
TOTAL	5,050	5,050	-	-	-	-
Foreign Military Financing	3,500	3,500	-	-	-	-
International Military Education and Training	1,550	1,550	-	-	-	-

Peace and Security: The Czech Republic is making important strides in modernizing its military to

provide better-equipped and trained forces to participate in international security operations. U.S. assistance, through the Department of State, helps secure the Czech Republic's capability to enhance regional stability and contribute to Coalition operations around the globe. Funding will provide a range of training and equipment to fulfill NATO niche requirements, as well as support English language training and professional military education, which will better prepare Czech forces for interoperability with NATO and U.S. forces.

Overview of Major Changes

The overall request for the Czech Republic in FY 2009 reflects an increase from FY 2008 levels. The FY 2009 request represents an increase in security assistance from the FY 2008 level.

Estonia

Program Overview

U.S. assistance to Estonia provides the opportunity to sustain and expand the firm partnership the United States has formed with Estonia, contribute to improved North Atlantic Treaty Organization (NATO) interoperability, and support Estonia's military commitments abroad, including in Afghanistan, Iraq, Kosovo, and Bosnia. Estonia is an effective and reliable transatlantic partner in advancing peace, stability, and democracy in Europe and beyond.

Resources to Advance Transformational Diplomacy

Request by Account by Fiscal Year

(\$ in thousands)	FY 2007 Actual	FY 2008 Estimate	FY 2009 Request
TOTAL	5,084	2,552	4,000
Foreign Military Financing	3,905	1,505	3,000
International Military Education and Training	1,179	1,047	1,000

Request by Program Area by Fiscal Year

(\$ in thousands)	FY 2007 Actual	FY 2008 Estimate	FY 2009 Request
TOTAL	5,084	2,552	4,000
Peace and Security	5,084	2,552	4,000
Stabilization Operations and Security Sector Reform	5,084	2,552	4,000

Request by Objective by Account, FY 2009

(\$ in thousands)	Total	P&S	GJD	IIP	EG	HA
TOTAL	4,000	4,000	-	-	-	-
Foreign Military Financing	3,000	3,000	-	-	-	-
International Military Education and Training	1,000	1,000	-	-	-	-

Peace and Security: U.S. assistance to Estonia, via the Department of State, provides an exponential return on investment by maintaining strong political support for global Coalition operations and a willingness to provide personnel, equipment, and associated support. U.S. security assistance will promote increased NATO interoperability and improve Estonian defense capabilities and force readiness through training and the provision of military equipment. U.S. programs will bolster the capability of Estonia's armed forces to conduct peacekeeping operations and help develop Estonia's

NATO niche capabilities to further contribute to the global security and to fighting the war on terror. The programs also will allow Estonia to continue efforts to provide training and share NATO accession experiences with its neighbors, such as Georgia and Ukraine.

Overview of Major Changes

The FY 2009 request represents an increase in security assistance from the FY 2008 level.

Georgia

Program Overview

U.S. assistance to Georgia focuses on the following key goals: consolidating democratic and economic reforms to date, strengthening the separation of powers, developing a more vibrant civil society and political plurality, bolstering independent media and access to information, improving respect for human rights, ensuring equitable treatment for ethnic and religious minorities, increasing economic prosperity for all echelons of society, and increasing energy diversification.

Resources to Advance Transformational Diplomacy

Request by Account by Fiscal Year

(\$ in thousands)	FY 2007 Actual	FY 2008 Estimate	FY 2009 Request
TOTAL	74,685	64,308	67,050
Child Survival and Health	-	1,246	850
Foreign Military Financing	9,700	9,000	11,000
FREEDOM Support Act	58,000	50,091	52,000
Global HIV/AIDS Initiative	710	-	-
International Military Education and Training	1,160	761	1,000
Nonproliferation, Antiterrorism, Demining and Related Programs	5,115	3,210	2,200

Request by Program Area by Fiscal Year

(\$ in thousands)	FY 2007 Actual	FY 2008 Estimate	FY 2009 Request
TOTAL	74,685	64,308	67,050
Peace and Security	28,913	21,716	20,500
Counter-Terrorism	1,865	560	500
Combating Weapons of Mass Destruction (WMD)	2,100	1,400	1,500
Stabilization Operations and Security Sector Reform	21,710	15,961	15,200
Counter-Narcotics	-	450	-
Transnational Crime	616	875	300
Conflict Mitigation and Reconciliation	2,622	2,470	3,000
Governing Justly and Democratically	12,050	14,516	14,846
Rule of Law and Human Rights	2,361	4,152	3,400
Good Governance	3,755	4,300	4,600
Political Competition and Consensus-Building	1,853	2,699	2,200
Civil Society	4,081	3,365	4,646

(\$ in thousands)	FY 2007	FY 2008	FY 2009
	Actual	Estimate	Request
TOTAL	74,685	64,308	67,050
Investing in People	7,766	8,743	7,965
Health	5,346	6,561	5,950
Education	2,370	2,182	2,015
Social Services and Protection for Especially Vulnerable People	50	-	-
Economic Growth	22,836	17,533	22,239
Macroeconomic Foundation for Growth	576	1,510	1,200
Trade and Investment	3,698	1,550	1,300
Financial Sector	521	520	1,654
Infrastructure	4,315	3,010	3,800
Agriculture	5,421	3,570	2,600
Private Sector Competitiveness	5,668	4,733	11,685
Economic Opportunity	2,637	2,570	-
Environment	-	70	-
Humanitarian Assistance	1,800	1,800	1,500
Protection, Assistance and Solutions	1,800	1,800	1,400
Disaster Readiness	-	-	100
Program Support	1,320	-	-
Program Support	1,320	-	-

Request by Objective by Account, FY 2009

(\$ in thousands)	Total	P&S	GJD	IIP	EG	HA	PS
TOTAL	67,050	20,500	14,846	7,965	22,239	1,500	-
Child Survival and Health	850	-	-	850	-	-	-
Foreign Military Financing	11,000	11,000	-	-	-	-	-
FREEDOM Support Act	52,000	6,300	14,846	7,115	22,239	1,500	-
International Military Education and Training	1,000	1,000	-	-	-	-	-
Nonproliferation, Antiterrorism, Demining and Related Programs	2,200	2,200	-	-	-	-	-

Peace and Security: Georgia is a committed partner in promoting global peace and security and a steadfast ally in the war on terror – Georgia’s contribution of nearly a brigade in Iraq makes it among the highest per capita contributors. Georgian troops are also in Kosovo. U.S. assistance, via the Department of State, will continue to support stabilization operations and security sector reform. Programs will further develop and modernize Georgian armed forces, specifically by bolstering their peacekeeping capabilities, assisting their continuing progress towards North Atlantic Treaty Organization (NATO) interoperability, and enabling them to host future NATO exercises; and increase Georgia’s ability to secure its borders by detecting and deterring trafficking in persons,

weapons of mass destruction, and other illicit materials and enhance regional stability by helping professionalize Georgia's military. Georgia has taken a number of steps to reform its Ministries of Interior and Defense and has made dramatic progress in reducing corruption and increasing the professionalism of its national police force. U.S. assistance will build on these gains and strengthen rule of law through management training and equipping law enforcement authorities to better combat organized crime, money laundering, and terrorist financing. To further secure regional stability, assistance through the U.S. Agency for International Development (USAID) will support conflict resolution and confidence building projects in South Ossetia and Abkhazia to promote technical, cultural, social, educational, and economic links among civil society and public and private sector entities and improve information access and cooperation on regional issues of mutual interest to foster the peaceful reintegration of these territories within a united Georgia.

Governing Justly and Democratically: Georgia has made enormous strides in governmental reform, but must improve the effectiveness of key institutions, strengthen political pluralism and increase public participation to truly consolidate its democratic gains. U.S. assistance, through the Department of State and USAID, will continue to enhance the ability of civil society groups and independent media to engage the government on issues of public concern and to promote government accountability. Through the Department of Justice, Department of State and USAID, assistance will help improve judicial independence and build the capacity of the judiciary to promote the rule of law and increase governmental checks and balances, which will serve as a crucial benchmark as Georgia seeks to realize its aspiration of Euro-Atlantic integration. U.S. efforts will strengthen the independence and professionalism of the legislature; bolster political pluralism and democratic parties; work with the government to implement anti-corruption measures and ensure free and fair electoral processes; and increase respect for human rights by law enforcement officials. By bolstering democracy and the rule of law, Georgia will increase its appeal for residents of the separatist regions of Abkhazia and South Ossetia to reintegrate into Georgia, thus helping the peace process and enhancing regional stability.

Investing in People: Despite improvements in this area, Georgia continues to lack the technical, administrative, and financial capacity to deliver health, education, and other social services to its people. Funding through USAID will support ongoing policy reform, including budget policy and capacity development, to improve the health, education, and social systems. Health programs will provide improved maternal and child health care to reverse backsliding in Georgia's under-five mortality rate; increase the use of modern methods of family planning; help mitigate HIV/AIDS, including in Abkhazia; and address Georgia's high burden of tuberculosis by expanding coverage of the universally-recognized Directly Observed Treatment Short-Course (DOTS) protocol. Education programs will support the decentralization and reform of the basic education system as well as increase transparency and curriculum reform in higher education.

Economic Growth: Georgia's rural poverty rate remains above 30% notwithstanding the implementation of key reforms. U.S. assistance programs, funded through USAID, will help Georgia improve its economic performance overall which should serve as an incentive to those living in South Ossetia and Abkhazia to reintegrate into a unified Georgia. U.S. assistance will enhance private

sector competitiveness through workforce development and support for market diversification, which should also decrease rural poverty rates. Programs will also help implement free market reforms to improve the trade, business, and agricultural climates; develop micro-, small-, and medium-sized enterprises; make financial markets more inclusive; improve productivity; and strengthen monetary and fiscal policy. These activities also will strengthen the capacity of entrepreneurs and farmers, for example, to access Millennium Challenge Corporation (MCC) private sector and infrastructure projects. U.S. programs will continue to support diversification of Georgia's energy imports.

Humanitarian Assistance: More than 250,000 persons remain uprooted by wars in Abkhazia and South Ossetia in the early 1990s. U.S. assistance provided by the Department of State will support Georgia's efforts to address its humanitarian needs until long-term solutions are found. Funding will improve social services and protection for these and other vulnerable populations, including the elderly, disabled, extreme poor, and institutionalized, by providing medicines, medical supplies and equipment, food, clothing, health and emergency shelter items, responding to disasters, and implementing small reconstruction projects.

Linkages with the Millennium Challenge Corporation

Georgia has a \$295 million Millennium Challenge Corporation (MCC) Compact focused on rehabilitating regional infrastructure and promoting private sector development. The economic growth programs above are designed to underpin and reinforce the MCC Compact investment without duplicating efforts.

Overview of Major Changes

The overall request for Georgia in FY 2009 reflects an increase from FY 2008 levels. Funding levels for Peace and Security, Investing in People and Humanitarian Assistance decrease slightly; while funding levels for Governing Justly and Democratically and Economic Growth increase from the FY 2008 levels.

Greece

Program Overview

Greece has a proportionally large defense budget and a strategic location at the intersection of the Balkans and the Mediterranean. U.S. assistance builds and sustains Greece's connections and cooperation with U.S. and other North Atlantic Treaty Organization (NATO) forces. U.S. assistance also focuses the Greek defense establishment on the positive role Greece can play within NATO.

Resources to Advance Transformational Diplomacy

Request by Account by Fiscal Year

(\$ in thousands)	FY 2007	FY 2008	FY 2009
	Actual	Estimate	Request
TOTAL	558	512	100
International Military Education and Training	558	512	100

Request by Program Area by Fiscal Year

(\$ in thousands)	FY 2007	FY 2008	FY 2009
	Actual	Estimate	Request
TOTAL	558	512	100
Peace and Security	558	512	100
Stabilization Operations and Security Sector Reform	558	512	100

Request by Objective by Account, FY 2009

(\$ in thousands)	Total	P&S	GJD	IIP	EG	HA
TOTAL	100	100	-	-	-	-
International Military Education and Training	100	100	-	-	-	-

Peace and Security: U.S. assistance is centered around the Department of State funded military assistance program, which enhances regional stability, builds close relationships and assists with Greek military transformation. This program substantially increases NATO interoperability through hands-on training, by increasing mutual understanding between the U.S. and Greek defense establishments, and augments sales of U.S. defense-related items that are crucial to NATO effectiveness. Greater Greek participation in NATO enhances regional security and increases Greece's capabilities in the war on terror.

Overview of Major Changes

The FY 2009 request represents a decrease in funding from the FY 2008 level.

Hungary

Program Overview

The United States and Hungary enjoy a strong relationship based on shared values of democratic and free-market principles. Since Hungary joined the European Union (EU) and the North Atlantic Treaty Organization (NATO), the scope and depth of its relationship with the United States has broadened and matured. Hungary is a firm ally in the war on terror, contributing troops to NATO missions in Afghanistan, Iraq, and the Balkans. With the highest public debt ratio in the EU, Hungary has had to abandon its commitment to adopting the Euro by 2010 and has embarked on an aggressive economic reform package, which includes cutting back on defense-related expenditures. U.S. assistance provides the opportunity to counteract these pressures and maintain the momentum of Hungary's development as a positive force in regional stability and global coalition operations.

Resources to Advance Transformational Diplomacy

Request by Account by Fiscal Year

(\$ in thousands)	FY 2007 Actual	FY 2008 Estimate	FY 2009 Request
TOTAL	3,818	2,082	3,100
Foreign Military Financing	2,358	940	2,000
International Military Education and Training	1,460	1,142	1,100

Request by Program Area by Fiscal Year

(\$ in thousands)	FY 2007 Actual	FY 2008 Estimate	FY 2009 Request
TOTAL	3,818	2,082	3,100
Peace and Security	3,818	2,082	3,100
Stabilization Operations and Security Sector Reform	3,818	2,082	3,100

Request by Objective by Account, FY 2009

(\$ in thousands)	Total	P&S	GJD	IIP	EG	HA
TOTAL	3,100	3,100	-	-	-	-
Foreign Military Financing	2,000	2,000	-	-	-	-
International Military Education and Training	1,100	1,100	-	-	-	-

Peace and Security: U.S. assistance provided via the Department of State contributes to regional stability and helps maintain strong political support for coalition operations including a willingness to

provide personnel, equipment, and other resources for these operations. Funds will promote the development of a smaller, flexible, sustainable, and NATO-interoperable military capable of meeting NATO Article V commitments and participation in peace support operations. Funds will also help Hungary develop niche capabilities and provide English language training and professional military education to ensure interoperability with NATO.

Overview of Major Changes

The FY 2009 request represents an increase in security assistance from the FY 2008 level.

Kosovo

Program Overview

While Kosovo's final status has not yet been defined, U.S. foreign policy goals are well-defined: to help Kosovo, regardless of the status outcome, with assistance programs designed to complement the U.S. goals of stability, economic and democratic development, and integration into Euro-Atlantic institutions. Kosovo's major challenges include developing a sound market-based economy, combating unemployment, corruption and crime, and the need for greater protection of minority rights.

It is anticipated that in FY 2009, Kosovo will be consolidating the changes associated with a new phase in its status and development, and as such, will have to balance its security with development and integration priorities. The U.S. vision for Kosovo is the territory's transformation into a stable, democratic society, fully respecting the rights of its minorities, at peace with its neighbors and on an irreversible path to European integration. After more than eight years of United Nations (UN) administration and oversight, Kosovo institutions continue to assume greater responsibility for many governmental functions in accordance with UN Security Council Resolution 1244.

Resources to Advance Transformational Diplomacy

Request by Account by Fiscal Year

(\$ in thousands)	FY 2007	FY 2007	FY 2008	FY 2008	FY 2009
	Actual	Supp	Estimate	Supp	Request
TOTAL	77,750	189,000	147,182	-	127,670
Assistance for Eastern Europe and Baltic States	77,700	189,000	146,801	-	125,000
Foreign Military Financing	-	-	-	-	1,500
International Military Education and Training	-	-	381	-	500
Nonproliferation, Antiterrorism, Demining and Related Programs	50	-	-	-	670

Request by Program Area by Fiscal Year

(\$ in thousands)	FY 2007	FY 2007	FY 2008	FY 2008	FY 2009
	Actual	Supp	Estimate	Supp	Request
TOTAL	77,750	189,000	147,182	-	127,670
Peace and Security	27,263	33,000	53,017	-	42,420
Counter-Terrorism	50	-	-	-	565
Combating Weapons of Mass Destruction (WMD)	-	-	-	-	670
Stabilization Operations and Security Sector Reform	23,300	28,000	44,547	-	35,000
Transnational Crime	200	-	1,600	-	1,185

(\$ in thousands)	FY 2007	FY 2007	FY 2008	FY 2008	FY 2009
	Actual	Supp	Estimate	Supp	Request
TOTAL	77,750	189,000	147,182	-	127,670
Conflict Mitigation and Reconciliation	3,713	5,000	6,870	-	5,000
Governing Justly and Democratically	23,118	11,000	35,149	-	30,050
Rule of Law and Human Rights	11,106	2,000	14,829	-	12,875
Good Governance	5,037	9,000	12,760	-	10,900
Political Competition and Consensus-Building	2,635	-	2,500	-	2,250
Civil Society	4,340	-	5,060	-	4,025
Investing in People	2,560	-	15,800	-	7,800
Health	-	-	5,500	-	2,600
Education	2,560	-	10,300	-	5,200
Economic Growth	22,040	138,000	41,716	-	46,000
Macroeconomic Foundation for Growth	4,263	125,000	8,351	-	29,000
Trade and Investment	573	-	865	-	3,400
Financial Sector	2,545	-	1,200	-	2,000
Infrastructure	6,302	13,000	20,700	-	4,500
Agriculture	1,458	-	1,000	-	2,300
Private Sector Competitiveness	6,899	-	8,850	-	3,800
Environment	-	-	750	-	1,000
Humanitarian Assistance	700	7,000	1,500	-	1,400
Protection, Assistance and Solutions	700	3,000	1,500	-	1,400
Migration Management	-	4,000	-	-	-
Program Support	2,069	-	-	-	-
Program Support	2,069	-	-	-	-

Request by Objective by Account, FY 2009

(\$ in thousands)	Total	P&S	GJD	IIP	EG	HA	PS
TOTAL	127,670	42,420	30,050	7,800	46,000	1,400	-
Assistance for Eastern Europe and Baltic States	125,000	39,750	30,050	7,800	46,000	1,400	-
Foreign Military Financing	1,500	1,500	-	-	-	-	-
International Military Education and Training	500	500	-	-	-	-	-
Nonproliferation, Antiterrorism, Demining and Related Programs	670	670	-	-	-	-	-

Peace and Security: While Kosovo is currently calm, the security situation will continue to be monitored closely as the status process moves toward conclusion. The European Union (EU) will lead the development of Kosovo's rule of law sector post-status which the United States will support through the Department of State by providing a contingent of civilian police, prosecutors and judges.

However, with minimal experience in governance, the Provisional Institutions of Self-Government (PISG) lack capacity in many sectors, and will continue to need international assistance and capacity building support. In addition, Kosovo must deal with the tensions that still exist between Kosovo's ethnic Albanians and other ethnicities, particularly Kosovo Serbs, which may be further exacerbated during the period following determination of final status. Kosovo will require substantial assistance before its institutions can fully assume responsibility for maintaining a safe and secure environment and administering justice. Programs will continue to assist the Kosovo Police Service through training and capacity-building. Other programs targeting the development of Kosovo's security and law enforcement sectors will work towards institutions that are capable and develop democratically, with international standards of professionalism and accountability. This will be achieved through skills training, technical advisors, English language training, human rights and rule of law training, and conflict mitigation services.

Governing Justly and Democratically: The Department of State and the U.S. Agency for International Development (USAID) will build confidence in central and local government, increase respect for the rule of law and increase capacity of the criminal justice system. Rule of law will be crucial to stability and economic growth. Local governments, in particular, are the nexus where issues of ethnic reconciliation, return and reintegration of displaced persons, empowerment of minorities, and the provision of basic services for social stability and public safety come together. Programs in this area will include supporting more effective local government through decentralization and assisting civil society.

Investing in People: U.S. assistance, via the Department of State and USAID, will focus on basic education and capacity-building among government agencies. Programs aimed at higher education will help Kosovars develop the skills, attitudes and behaviors needed to create robust governance institutions and to support increased economic activity. Special investments also will be made in Kosovo's youth and civil service. Health programs will focus on addressing maternal and child health.

Economic Growth: Kosovo's social stability will require building a solid foundation for economic growth. Poverty reduction and reduced unemployment will require not only government-level programs aimed at fiscal policy and legislation, but development of a robust private sector, especially the critical development of the energy sector, and infrastructure to support economic development. It has been estimated that the withdrawal of the UN Mission in Kosovo (UNMIK) and reductions in international personnel overall will lead to a contraction of the Kosovo economy, with deep recessions especially in the housing and service sectors. Depending on the outcome of the ongoing status process, Kosovo may also be servicing a substantial debt burden. The total for Economic Growth includes \$25 million to restore Kosovo debt relief funding that was reprogrammed to support critical foreign policy needs in North Korea.

Humanitarian Assistance: Humanitarian programs implemented by USAID and the Department of State will provide critical medical and emergency help to internally displaced persons (IDPs), Roma and other impoverished persons in Kosovo. U.S. organizations working with the U.S. Government in

partnership with Kosovo and local non-governmental organizations may administer basic medical services and provide essential medicines, clothing and food to refugees, IDPs, children, the elderly, and other vulnerable populations. This assistance is integral to alleviating poverty and preventing widespread health problems and suffering in the populations beyond the reach of limited local government social welfare programs.

Overview of Major Changes

The FY 2009 request, which represents a significant decrease from FY 2008, is designed to balance the need to complement programs begun in the immediate post-status period with meeting stated political commitments. By FY 2008 the political process begun in November 2005 to determine Kosovo's status should be complete, and FY 2009 will likely be the first full post-status fiscal year. Kosovo's needs will remain substantial. However, as Kosovo's institutions are developed and strengthened, more competencies are expected to be devolved to the local government, thus easing the strain on international donors and the United States in the Governing Justly and Democratically Objective. Among program objectives, the only increase is in Economic Growth. The requested increase for Economic Growth is primarily due to funds that have been pledged towards Kosovo debt relief. The Economic Growth request includes funding for Kosovo debt relief funding appropriated under the FY 2007 Supplemental that was reprogrammed to support urgent foreign policy needs related to the Six-Party talks with North Korea. Peace and Security funding will be decreased, but remain robust in order to support the continued need to maintain stability in the region.

Latvia

Program Overview

Latvia is a strong and reliable transatlantic partner in advancing peace, stability, and democracy in Europe and beyond. Latvia is playing a key role in the war on terror, providing substantial public, diplomatic, and military support. It has offered troops to the Coalition effort in Afghanistan and participates in peacekeeping operations in the Balkans. U.S. assistance sustains and expands a strong partnership, supports Latvia's commitment to ongoing activities in Afghanistan, and supports the development of niche capabilities required by the North Atlantic Treaty Organization (NATO).

Resources to Advance Transformational Diplomacy

Request by Account by Fiscal Year

(\$ in thousands)	FY 2007	FY 2008	FY 2009
	Actual	Estimate	Request
TOTAL	4,980	2,552	4,050
Foreign Military Financing	3,799	1,505	3,000
International Military Education and Training	1,181	1,047	1,050

Request by Program Area by Fiscal Year

(\$ in thousands)	FY 2007	FY 2008	FY 2009
	Actual	Estimate	Request
TOTAL	4,980	2,552	4,050
Peace and Security	4,980	2,552	4,050
Stabilization Operations and Security Sector Reform	4,980	2,552	4,050

Request by Objective by Account, FY 2009

(\$ in thousands)	Total	P&S	GJD	IIP	EG	HA
TOTAL	4,050	4,050	-	-	-	-
Foreign Military Financing	3,000	3,000	-	-	-	-
International Military Education and Training	1,050	1,050	-	-	-	-

Peace and Security: Department of State funded programs in Latvia provide a significant return on investment by maintaining strong political support for Coalition operations and a willingness to provide personnel, equipment, and associated support. Funds will assist the modernization of the Latvian military and ensure Latvia's continued participation in international peacekeeping missions, as well as in other U.S. and NATO stability operations. In addition, Latvia is a founding member of

the Black Sea Trust and serves as a key transit point for material goods to Central Asia. U.S. assistance will support Latvia's integration into NATO by restructuring and modernizing its Armed Forces and promoting the development of Latvia's niche capabilities.

Overview of Major Changes

The overall request for Latvia in FY 2009 reflects an increase from FY 2008 levels.

Lithuania

Program Overview

Lithuania is a strong and reliable transatlantic partner in advancing peace, stability, and democracy in Europe and beyond. Lithuania is playing a key role in the war on terror, with troops in Afghanistan and Iraq. For many years, it has maintained peacekeepers in the Balkans. U.S. assistance to Lithuania sustains and expands the strong partnership the United States has formed with Lithuania, supports its commitment to ongoing activities in Afghanistan and Iraq, and works with the Lithuanian military to help it develop niche capabilities needed by the North Atlantic Treaty Organization (NATO).

Resources to Advance Transformational Diplomacy

Request by Account by Fiscal Year

(\$ in thousands)	FY 2007	FY 2008	FY 2009
	Actual	Estimate	Request
TOTAL	6,545	2,552	4,150
Foreign Military Financing	5,349	1,505	3,100
International Military Education and Training	1,196	1,047	1,050

Request by Program Area by Fiscal Year

(\$ in thousands)	FY 2007	FY 2008	FY 2009
	Actual	Estimate	Request
TOTAL	6,545	2,552	4,150
Peace and Security	6,545	2,552	4,150
Stabilization Operations and Security Sector Reform	6,545	2,552	4,150

Request by Objective by Account, FY 2009

(\$ in thousands)	Total	P&S	GJD	IIP	EG	HA
TOTAL	4,150	4,150	-	-	-	-
Foreign Military Financing	3,100	3,100	-	-	-	-
International Military Education and Training	1,050	1,050	-	-	-	-

Peace and Security: U.S. assistance provided via the Department of State to Lithuania provides a significant return on investment by maintaining strong political support for Coalition operations and a willingness to provide personnel, equipment, and associated support. Funds will provide military equipment and training to assist the modernization of the Lithuanian military and ensure Lithuania's

continued participation in international peacekeeping missions as well as in other U.S. and NATO stability operations.

Overview of Major Changes

The overall request for Lithuania in FY 2009 reflects an increase from FY 2008 levels.

Macedonia

Program Overview

U.S. assistance to Macedonia focuses on the following key goals: facilitating Macedonia's continued development on the path toward full integration into the Euro-Atlantic community; assisting the Macedonian government's efforts to sustain economic and democratic reforms that will cement strong, stable political and market-oriented economic institutions and prepare it for the responsibilities of the North Atlantic Treaty Organization (NATO) and European Union (EU) membership; and advancing military reforms that enhance its capacity as a strong partner in the war on terror.

Resources to Advance Transformational Diplomacy

Request by Account by Fiscal Year

(\$ in thousands)	FY 2007	FY 2008	FY 2009
	Actual	Estimate	Request
TOTAL	33,944	26,052	23,773
Assistance for Eastern Europe and Baltic States	28,100	21,822	19,003
Foreign Military Financing	3,420	2,822	3,500
International Military Education and Training	640	476	500
Nonproliferation, Antiterrorism, Demining and Related Programs	1,784	932	770

Request by Program Area by Fiscal Year

(\$ in thousands)	FY 2007	FY 2008	FY 2009
	Actual	Estimate	Request
TOTAL	33,944	26,052	23,773
Peace and Security	7,174	5,230	5,990
Counter-Terrorism	1,100	397	250
Combating Weapons of Mass Destruction (WMD)	684	535	520
Stabilization Operations and Security Sector Reform	5,390	4,298	5,220
Governing Justly and Democratically	9,527	7,996	6,755
Rule of Law and Human Rights	3,168	2,720	2,820
Good Governance	3,318	2,220	2,693
Political Competition and Consensus-Building	470	666	-
Civil Society	2,571	2,390	1,242
Investing in People	7,497	4,030	3,340
Education	7,497	4,030	3,340
Economic Growth	8,888	8,796	7,688
Macroeconomic Foundation for Growth	475	-	-
Infrastructure	250	500	500

(\$ in thousands)	FY 2007	FY 2008	FY 2009
	Actual	Estimate	Request
TOTAL	33,944	26,052	23,773
Agriculture	1,536	800	1,195
Private Sector Competitiveness	6,627	7,496	5,993
Program Support	858	-	-
Program Support	858	-	-

Request by Objective by Account, FY 2009

(\$ in thousands)	Total	P&S	GJD	IIP	EG	HA	PS
TOTAL	23,773	5,990	6,755	3,340	7,688	-	-
Assistance for Eastern Europe and Baltic States	19,003	1,220	6,755	3,340	7,688	-	-
Foreign Military Financing	3,500	3,500	-	-	-	-	-
International Military Education and Training	500	500	-	-	-	-	-
Nonproliferation, Antiterrorism, Demining and Related Programs	770	770	-	-	-	-	-

Peace and Security: Department of State funded programs will continue to help Macedonia in securing its borders, reforming and modernizing its military in line with NATO standards, and increasing its capacity for participation in international missions. Law enforcement programs will improve prosecution of major criminal cases, provide training in the latest crime investigation and undercover techniques, improve application of police resources, enhance border security, expand community outreach, and counter illicit internal and transnational trafficking in weapons, drugs and persons. To improve the government's capabilities to fight terrorism, U.S. funding will assist in enhancing police and prosecutors' skills and managing an effective border control system. U.S. assistance helps Macedonia contribute to international efforts to prevent the proliferation of weapons of mass destruction, delivery systems and related materials. U.S. assistance will continue to support Macedonian contributions to peacekeeping operations and the fight against terrorism, directly impacting regional security.

Governing Justly and Democratically: Department of State and U.S. Agency for International Development (USAID) programs in the justice sector will strengthen the rule of law by increasing the effectiveness of law enforcement including the administration of criminal justice. Planned support includes improved court case management, reducing case backlogs; increased access to the courts; and improved enforcement of court decisions and contracts, thus supporting the investment environment in Macedonia. U.S. assistance will also better equip criminal justice sector actors to handle organized crime and other complex crimes. Assistance in decentralization will foster good governance by stressing municipal accountability and greater participation by citizens in the decision making process. In turn, this will increase local political competition and transparency and spur greater economic development. Programs to strengthen civil society as a democratic check on the

powers and actions of government will empower local organizations to represent citizens' interests to government in such areas as reforms necessary for EU accession. Other U.S. programs will aim to strengthen political competition and consensus-building, including improvements to the conduct of elections. Such support will make the parliament more independent and responsive to citizen input.

Investing in People: As Macedonia looks toward EU accession, it must focus on the quality of its education system to ensure that its schools produce students ready to compete with European counterparts in the 21st century marketplace. Department of State and USAID basic education assistance will result in increased, equitable access to information technology, improved math and science teaching, renovated schools that are more conducive to learning and greater access by minority students. Emphasis on critical thinking and inquiry-based methods will prepare students to become more productive participants in civil society and the economy.

Economic Growth: Private sector competitiveness and unemployment will be addressed by USAID programs strengthening the business enabling environment and encouraging business formation and private sector productivity gains. This will assist growing industries to compete in global markets, increase value added exports, and attract foreign investment. Agricultural productivity will be expanded through improved agricultural policies, integration of advanced and emerging technologies, and enhanced linkages among producers, processors, and traders and with new export markets. Advisors on fiscal and monetary policy reforms, as well as on trade and investment environment improvements, will help to achieve more rapid and efficient overall economic performance. The low youth employment rate will be mitigated through workforce development assistance, ensuring students are prepared for the 21st century marketplace with computer technology, analytical, and cooperative working skills. Strong linkages between schools and the business sector will be created and sustained to improve curriculum relevancy and multiply employment opportunities for youth. Institutions will be strengthened and people trained to adjust to the demands of the modern economy. Technical assistance to improve the trade and investment environment also will contribute to improved economic performance.

Overview of Major Changes

Funding for Macedonia under the FY 2009 request declines from FY 2008 levels. This level of support reflects the progress made by Macedonia while still preserving sufficient support to reinforce Macedonia's reform momentum and further its steady progress toward integration into Euro-Atlantic institutions. This level also helps the United States ensure the continued stability of this important partner in what is still a volatile region, while continuing to support the development of Macedonia's capacity to contribute to regional and global peacekeeping and security. Specific sectors to be targeted with this funding include programs aimed at the policy priority of strengthening the rule of law; good governance programs aimed at deepening implementation of the 2001 Ohrid Framework Agreement; and a focus on achieving long-term economic competitiveness by targeting specific sectors, including youth education, to improve workforce competitiveness and ameliorate high unemployment.

Malta

Program Overview

Although Malta does not belong to the North Atlantic Treaty Organization (NATO) or Partnership for Peace, its location at the crossroads of key Mediterranean transport lanes makes it an important partner of the United States in addressing regional security concerns. U.S. assistance can help improve the effectiveness of Malta's efforts to combat transnational threats.

Resources to Advance Transformational Diplomacy

Request by Account by Fiscal Year

(\$ in thousands)	FY 2007	FY 2008	FY 2009
	Actual	Estimate	Request
TOTAL	647	43	150
Foreign Military Financing	-	-	100
International Military Education and Training	31	43	50
Nonproliferation, Antiterrorism, Demining and Related Programs	616	-	-

Request by Program Area by Fiscal Year

(\$ in thousands)	FY 2007	FY 2008	FY 2009
	Actual	Estimate	Request
TOTAL	647	43	150
Peace and Security	647	43	150
Counter-Terrorism	335	-	-
Combating Weapons of Mass Destruction (WMD)	281	-	-
Stabilization Operations and Security Sector Reform	31	43	150

Request by Objective by Account, FY 2009

(\$ in thousands)	Total	P&S	GJD	IIP	EG	HA
TOTAL	150	150	-	-	-	-
Foreign Military Financing	100	100	-	-	-	-
International Military Education and Training	50	50	-	-	-	-

Peace and Security: Department of State funded programs will provide training to help professionalize Malta's officer and enlisted corps as well as provide maritime interdiction training. Malta is strategically located in the midst of illicit trafficking routes and is an important ally in the war on terror. The modest funding will provide the Maltese access to the U.S. military training

system, promote defense reform and modernization of the military, and foster a stronger military-to-military relationship between the United States and Malta.

Overview of Major Changes

The FY 2009 request represents a slight increase from FY 2008 levels. This increase is for funding to support a stronger military-to-military relationship.

Moldova

Program Overview

The U.S. transformational diplomacy goal for Moldova is to support its transition to a democratic and prosperous country, secure within its recognized borders and free to become a full partner in the Euro-Atlantic community. Moldova is the poorest country in Europe, with limited access to export markets and energy sources. Other obstacles include the unresolved conflict involving the authoritarian separatist regime in Moldova's Transnistria region and challenges ranging from corruption to limited capacity and independence of the justice system and political interference in the media. U.S. assistance will support strengthening of the economy through diversification and integration with European markets, and will also support democratic reform, and justice system reform. Programs also will sustain cooperative efforts to combat transnational crime and corruption. Emphasis will be placed on ensuring that the Transnistria region of Moldova is included in programs whenever possible.

Resources to Advance Transformational Diplomacy

Request by Account by Fiscal Year

(\$ in thousands)	FY 2007	FY 2008	FY 2009
	Actual	Estimate	Request
TOTAL	17,768	15,299	16,950
Foreign Military Financing	474	470	1,200
FREEDOM Support Act	16,000	14,184	15,200
International Military Education and Training	986	571	550
Nonproliferation, Antiterrorism, Demining and Related Programs	308	74	-

Request by Program Area by Fiscal Year

(\$ in thousands)	FY 2007	FY 2008	FY 2009
	Actual	Estimate	Request
TOTAL	17,768	15,299	16,950
Peace and Security	3,053	2,422	2,850
Counter-Terrorism	83	74	-
Combating Weapons of Mass Destruction (WMD)	800	-	-
Stabilization Operations and Security Sector Reform	1,670	1,241	2,175
Transnational Crime	500	1,107	675
Governing Justly and Democratically	8,314	7,801	8,415
Rule of Law and Human Rights	1,700	1,445	2,145
Good Governance	2,325	-	1,152
Political Competition and Consensus-Building	1,150	1,534	1,455

(\$ in thousands)	FY 2007	FY 2008	FY 2009
	Actual	Estimate	Request
TOTAL	17,768	15,299	16,950
Civil Society	3,139	4,822	3,663
Investing in People	400	-	-
Health	400	-	-
Economic Growth	4,996	4,776	5,385
Trade and Investment	390	301	-
Financial Sector	-	1,100	-
Agriculture	180	1,328	-
Private Sector Competitiveness	4,076	2,047	4,885
Economic Opportunity	350	-	500
Humanitarian Assistance	350	300	300
Protection, Assistance and Solutions	-	300	300
Migration Management	350	-	-
Program Support	655	-	-
Program Support	655	-	-

Request by Objective by Account, FY 2009

(\$ in thousands)	Total	P&S	GJD	IIP	EG	HA	PS
TOTAL	16,950	2,850	8,415	-	5,385	300	-
Foreign Military Financing	1,200	1,200	-	-	-	-	-
FREEDOM Support Act	15,200	1,100	8,415	-	5,385	300	-
International Military Education and Training	550	550	-	-	-	-	-

Peace and Security: Department of State funded programs will support restructuring, modernization, and reform of the Moldovan armed forces to promote the North Atlantic Treaty Organization (NATO) interoperability and participation in international missions. Moldova has been a strong supporter of the fight against terrorism and has sent contingents to support coalition forces in Iraq. Department of State and U.S. Agency for International Development funded programs will focus on strengthening border security, combating transnational crime (including trafficking in persons and money laundering) and supporting law enforcement reform.

Governing Justly and Democratically: Department of State and USAID funding will support the Government of Moldova's democratic reform efforts and build institutional capacity to strengthen democracy and the rule of law. Funding will focus on building civil society and media capacity and watchdog capabilities, promoting justice system reform and integration, and combating corruption. Assistance will also foster judicial independence, improve security sector governance, and strengthen legislative capacity. Special attention will be given to laying the groundwork for the peaceful resolution of the Transnistria frozen conflict. Emphasis will be placed on exposing Transnistrians to objective information and democratic values and on building links between Transnistrians and those

in the rest of Moldova. Funding to strengthen electoral and political processes will work to promote democratic parliamentary elections in 2009.

Economic Growth: USAID funded programs will focus on helping relieve external economic pressure by promoting economic reform, diversification of exports, and integration with European markets. This will include increasing the competitiveness of key exports, reducing the shadow economy, and supporting reforms necessary to promote growth, permit European and regional integration, encourage foreign investment, and improve access to international financial institution resources. Assistance will focus on creating a business and investment environment that is conducive to private-sector led growth and that rewards the performance of competitive enterprises. Planned programs will support the development of business and industry clusters, financial and investment intermediation, and enhancement of Moldova's business regulatory framework, including efforts to streamline business compliance requirements effecting business start-up and operation. Assistance to foster enterprise competitiveness will improve the capacity of businesses to integrate into European markets through increases in labor productivity, improved business skills and marketing practices and better access to financing and investment. Assistance also will help increase economic opportunity and reduce unemployment among vulnerable populations.

Humanitarian Assistance: State Department humanitarian projects, designed to alleviate suffering of the neediest population groups in Moldova will focus on elderly, disabled, orphans, children, the extreme poor, and the institutionalized. Through these projects, the United States will provide medicines, medical supplies and equipment, food, clothing, health and emergency shelter items; respond to disasters; and execute small reconstruction projects.

Linkages with the Millennium Challenge Corporation

Moldova's Millennium Challenge Corporation (MCC) Threshold program to combat corruption will dedicate approximately \$24 million over two years to strengthening judicial capacity; enhancing the monitoring and advocacy capacity of civil society and the media; reforming the health system; reducing corruption in tax, customs administration and police bodies; and reforming and improve the Center for Combating Economic Crime and Corruption. Assistance described above to address the Governing Justly and Democratically and Economic Growth Objectives will fund activities that underpin the Threshold program and maximize its impact. The MCC has made clear that Compact approval and funding will be contingent on Moldova's progress in combating corruption.

Overview of Major Changes

The proposed funding level for Moldova in FY 2009 is an increase over FY 2008. Peace and Security funding will focus on bolstering Moldova's confidence by enhancing NATO interoperability, supporting the fight against terrorism, and promoting military reform as a means of promoting Euro-Atlantic integration. Funding for transnational crime (including trafficking in persons) and stabilization operations and security sector reform will increase, while funding to combat weapons of

mass destruction has been discontinued. Overall Governing Justly and Democratically funding will increase. An increase in programs to strengthen the justice system and the independence of the judiciary will dovetail with Economic Growth programs to create an environment conducive to business growth that will enable Moldova to counter external economic pressures. New programs will also focus on reaching out to Transnistrian civil society organizations and youth, promoting access to information in all of Moldova, and supporting exchanges that encourage the reintegration of Transnistria into Moldova. Governing Justly and Democratically increases will occur in the areas of rule of law (justice sector reform) and civil society (civic participation, media freedom and freedom of information). Political competition and good governance programs will decrease, in part due to efforts being undertaken through the MCC Threshold program and the fact that most elections-related activities will be funded through FY 2008 resources. Economic Growth funding levels will allow for programs that will help Moldovan businesses diversify their export markets and modify their products to meet Western tastes and to diversify their sources of energy supply. Humanitarian activities will continue at the same level as FY 2008, while the limited activities under Investing in People will be discontinued.

Montenegro

Program Overview

With its recent independence, Montenegro now faces new responsibilities towards its own people, its regional neighbors, and as a member of the community of nations. The United States must help Montenegro to move forward as a democracy, advance its role as a force for regional stability in the Balkans, promote its integration into the Euro-Atlantic community, and become a responsible regional and global actor. Job creation and economic revival, particularly in the impoverished and majority ethnic-Serb northern territory, will be important to maintaining stability and deterring ethnic discord in this tiny nation of 630,000. Drastic reductions in the twin threats of organized crime and corruption, and further development of civil society while bolstering strong democratic institutions will be vital to democratic development.

Resources to Advance Transformational Diplomacy

Request by Account by Fiscal Year

(\$ in thousands)	FY 2007	FY 2008	FY 2009
	Actual	Estimate	Request
TOTAL	8,915	8,630	8,700
Assistance for Eastern Europe and Baltic States	8,500	7,935	7,000
Foreign Military Financing	-	-	1,000
International Military Education and Training	-	95	150
Nonproliferation, Antiterrorism, Demining and Related Programs	415	600	550

Request by Program Area by Fiscal Year

(\$ in thousands)	FY 2007	FY 2008	FY 2009
	Actual	Estimate	Request
TOTAL	8,915	8,630	8,700
Peace and Security	1,290	695	1,700
Combating Weapons of Mass Destruction (WMD)	415	300	550
Stabilization Operations and Security Sector Reform	400	395	1,150
Transnational Crime	475	-	-
Governing Justly and Democratically	2,422	3,150	2,275
Rule of Law and Human Rights	400	1,395	1,275
Good Governance	973	820	800
Civil Society	1,049	935	200
Investing in People	-	400	400
Education	-	400	400
Economic Growth	4,373	4,385	4,325

(\$ in thousands)	FY 2007	FY 2008	FY 2009
	Actual	Estimate	Request
TOTAL	8,915	8,630	8,700
Macroeconomic Foundation for Growth	892	-	-
Trade and Investment	200	-	-
Agriculture	300	-	-
Private Sector Competitiveness	2,981	4,385	4,325
Program Support	830	-	-
Program Support	830	-	-

Request by Objective by Account, FY 2009

(\$ in thousands)	Total	P&S	GJD	IIP	EG	HA	PS
TOTAL	8,700	1,700	2,275	400	4,325	-	-
Assistance for Eastern Europe and Baltic States	7,000	-	2,275	400	4,325	-	-
Foreign Military Financing	1,000	1,000	-	-	-	-	-
International Military Education and Training	150	150	-	-	-	-	-
Nonproliferation, Antiterrorism, Demining and Related Programs	550	550	-	-	-	-	-

Peace and Security: As a new nation, Montenegro's path toward becoming a responsible regional and global actor will depend upon its own capabilities to secure its borders and increase the effectiveness of law enforcement and the military. Funds will be used to support professional military education and exchanges as well as English language training in civil-security force relations. Assistance in countering illicit trafficking in weapons of mass destruction and conventional weapons will help to secure borders and ports of entry. The United States will further assist Montenegro to fight organized crime and corruption through programs to combat trafficking in persons and migrant smuggling, promote law enforcement reform, and strengthen operational capabilities by providing training on investigating and prosecuting crimes. These programs will be funded by the Department of State and the U.S. Agency for International Development (USAID).

Governing Justly and Democratically: To further the aims of the new Montenegrin nation to develop as a vibrant democracy, Department of State and USAID assistance aims to strengthen the rule of law and strengthen the capacity for combating corruption by enhancing the legislative, oversight, and representative functions of parliament as well as strengthen civil society's role in those efforts.

Investing in People: As Montenegro looks toward increased integration with the European Union (EU), it must focus on breaking the isolation and limited exposure to western democratic values of its next generation of leaders, who have only the years of Milosevic, the Balkan wars, sanctions, and international isolation as a common background. Department of State and USAID programs will

focus on promoting targeted educational exchanges for this isolated generation to help Montenegrins develop the skills, attitudes, and behaviors needed to create robust governance institutions, support increased economic activity, and bring Montenegro closer to Euro-Atlantic institutions.

Economic Growth: Long-term stability in Montenegro is impossible without sustained economic development and job creation. Most legislation supporting private sector growth is in place or will be in place by 2009, but there will remain a critical need for economic stimulus in the north, where poverty is twice as high as in the central and southern regions of the country. To ensure stability in the economy overall, Montenegro must aggressively tackle this North-South development gap. Department of State and USAID programs will be used to help stimulate local economic growth through development of linkages of private sector economic opportunities in the North with the robust economic growth in the central and southern regions of Montenegro.

Overview of Major Changes

Funding for Montenegro will remain stable from FY 2008 levels. With Montenegro now qualified to receive a broad spectrum of U.S. military assistance, some funding in this area will be provided for the first time in FY 2009. Across other objectives, U.S. funding will be focused on local economic development, combating organized crime and corruption, and legislative and civil society strengthening to help Europe's newest nation build capacity to provide security and stability for its people and the region. Funding for educational exchanges support will be increased to assist in ending the isolation of the next generation of leaders. Funding for macroeconomic assistance will be reduced as the EU and other donors increase their assistance in this area.

Poland

Program Overview

Poland is a key ally in Central Europe and one of the United States' strongest partners on the continent. It was one of only three Coalition countries to join the United States with troops on the ground at the beginning of Operation Iraqi Freedom, and Polish troops play a strong leadership role in command of the Coalition Forces' Multinational Division-Center South in Iraq. In FY 2007, Poland was the first to answer the North Atlantic Treaty Organization's (NATO) call for troop increases for Afghanistan, committing an additional 1,000 troops to the 100 already deployed. Poland plays an active role in the European Union (EU), NATO and the UN peacekeeping missions around the world, with military, civilian and police personnel deployed in such places as Kosovo, Bosnia and Herzegovina, Macedonia, Montenegro, the Sinai, the Golan Heights, Sudan and the Democratic Republic of Congo. As a lower middle-income country, Poland's costly deployments abroad and its military transformation at home put real pressure on its national budget, including its efforts to overhaul the health care sector and upgrade poor infrastructure. U.S. assistance maintains political support for a range of U.S. security objectives and increases Poland's capability to deploy and sustain professional forces in effective support of U.S. deployments in the war on terror.

Resources to Advance Transformational Diplomacy

Request by Account by Fiscal Year

(\$ in thousands)	FY 2007	FY 2008	FY 2009
	Actual	Estimate	Request
TOTAL	30,528	28,980	29,200
Foreign Military Financing	28,478	26,980	27,000
International Military Education and Training	2,050	2,000	2,200

Request by Program Area by Fiscal Year

(\$ in thousands)	FY 2007	FY 2008	FY 2009
	Actual	Estimate	Request
TOTAL	30,528	28,980	29,200
Peace and Security	30,528	28,980	29,200
Stabilization Operations and Security Sector Reform	30,528	28,980	29,200

Request by Objective by Account, FY 2009

(\$ in thousands)	Total	P&S	GJD	IIP	EG	HA
TOTAL	29,200	29,200	-	-	-	-
Foreign Military Financing	27,000	27,000	-	-	-	-

(\$ in thousands)	Total	P&S	GJD	IIP	EG	HA
TOTAL	29,200	29,200	-	-	-	-
International Military Education and Training	2,200	2,200	-	-	-	-

Peace and Security: Department of State funded programs in Poland contribute to regional stability, strong political support for Coalition operations, and a willingness to provide personnel, equipment, and other resources for these operations. U.S. security assistance is aimed at maximizing the strength of Polish deployments in support of U.S. security operations. U.S. assistance does this by financing assets that directly facilitate Polish deployments and support Poland's defense transformation into a more effective NATO-integrated force. Security assistance will provide Poland with the equipment and training to continue its Coalition contributions and its military modernization and reform.

Overview of Major Changes

The overall request for Poland in FY 2009 reflects a slight increase from FY 2008 levels. The FY 2009 request represents increases in Peace and Security funding to support improved capacity of the Polish military.

Portugal

Program Overview

Portugal faces budgetary challenges in meeting its North Atlantic Treaty Organization (NATO) transformation goals, despite being a member of the European Union since 1986. Portugal has made NATO compliance a priority; however limited resources will continue to hamper efforts to ensure that military forces are trained to the level of other NATO members.

Resources to Advance Transformational Diplomacy

Request by Account by Fiscal Year

(\$ in thousands)	FY 2007	FY 2008	FY 2009
	Actual	Estimate	Request
TOTAL	500	607	100
International Military Education and Training	500	607	100

Request by Program Area by Fiscal Year

(\$ in thousands)	FY 2007	FY 2008	FY 2009
	Actual	Estimate	Request
TOTAL	500	607	100
Peace and Security	500	607	100
Stabilization Operations and Security Sector Reform	500	607	100

Request by Objective by Account, FY 2009

(\$ in thousands)	Total	P&S	GJD	IIP	EG	HA
TOTAL	100	100	-	-	-	-
International Military Education and Training	100	100	-	-	-	-

Peace and Security: Department of State funded programs strengthen Portugal's ability to play an active role in collective defense and international peacekeeping efforts. Portugal's continued participation in both NATO and other international peacekeeping operations directly benefits U.S. security goals. These programs will continue to be an essential component of Portugal's military force modernization program, its internal reorganization of service and joint headquarters staffing, as well as the overall professional military education of Portugal's armed forces.

Overview of Major Changes

The FY 2009 request represents a decrease in support for military education and training from the FY 2008 level.

Romania

Program Overview

Romania has remained steadfast as a strategic partner in the war on terror; the North Atlantic Treaty Organization (NATO); and Coalition operations, including significant contributions of troops, equipment, and other assistance in Iraq, Afghanistan, and the Balkans. Romania continues to improve its capabilities for NATO and multinational operations and has repeatedly demonstrated a willingness to volunteer its forces and assets in support of U.S. national security interests. The U.S.-Romanian agreement authorizing U.S. access to military facilities in Romania – particularly along the Black Sea coast – provides for combined training and rapid deployment to unstable regions to the east. Romania's efforts to promote greater cooperation among its Black Sea neighbors in the areas of defense, law enforcement, energy, economic development, environment, and democratization complement U.S. goals to enhance stability in this sensitive and important region. Romania entered the European Union in January 2007. However, additional U.S. assistance will be required to support Romania in completing its military modernization, improving its interoperability with U.S. and NATO forces, and increasing its expeditionary deployment capabilities in support of NATO's collective defense and Coalition operations with the United States.

Resources to Advance Transformational Diplomacy

Request by Account by Fiscal Year

(\$ in thousands)	FY 2007	FY 2008	FY 2009
	Actual	Estimate	Request
TOTAL	15,897	12,811	16,900
Foreign Military Financing	14,417	11,098	15,000
International Military Education and Training	1,480	1,713	1,600
Nonproliferation, Antiterrorism, Demining and Related Programs	-	-	300

Request by Program Area by Fiscal Year

(\$ in thousands)	FY 2007	FY 2008	FY 2009
	Actual	Estimate	Request
TOTAL	15,897	12,811	16,900
Peace and Security	15,897	12,811	16,900
Stabilization Operations and Security Sector Reform	15,897	12,811	16,900

Request by Objective by Account, FY 2009

(\$ in thousands)	Total	P&S	GJD	IIP	EG	HA
TOTAL	16,900	16,900	-	-	-	-

(\$ in thousands)	Total	P&S	GJD	IIP	EG	HA
TOTAL	16,900	16,900	-	-	-	-
Foreign Military Financing	15,000	15,000	-	-	-	-
International Military Education and Training	1,600	1,600	-	-	-	-
Nonproliferation, Antiterrorism, Demining and Related Programs	300	300	-	-	-	-

Peace and Security: U.S. security assistance will facilitate Romania's continued integration into NATO, expand its capabilities, and support continued contributions to NATO and Coalition operations, including in Iraq and Afghanistan. Assistance in defense, military, and security sector restructuring will be used to provide the Romanian military with needed defense articles, services, and training tailored toward meeting mutual security interests and goals. U.S. assistance will contribute to Romania's base modernization, key communications and information technology, and training of their military personnel. These programs will be funded through the Department of State.

Overview of Major Changes

The overall request for Romania in FY 2009 reflects an increase from FY 2008 levels. Security assistance funding is needed to initiate a weapons destruction program that will assist Romania in reducing its excess stocks of small arms and light weapons, man portable anti-air defense systems, and unstable ammunition.

Russia

Program Overview

The United States wants to see Russia become a more democratic, vibrant, and stable geopolitical partner that increasingly moves towards a free-market, democratic system built on checks and balances, has the capacity to act as a strong and effective partner in areas of common interest, and is integrated into the international community. Despite Russia's growing wealth, however, it faces many challenges including uneven distribution of wealth, large-scale corruption, and growing demographic and health crises. The political climate in Russia has led to increased centralization of power, a growing state role in the economy and increasing pressure on non-governmental organizations (NGOs), independent media, democracy advocates, and political opposition. In addition, in the North Caucasus, the Government of Russia's (GOR) failure to meet the needs of internally displaced persons (IDPs) exacerbates regional instability and creates an environment ripe for extremism.

U.S. assistance will enable the engagement and partnership with Russia in areas where it can be done productively, encouraging a wide range of political, judicial, scientific and social ties. U.S. assistance will also work to counteract worrisome trends in democracy in Russia by providing significant support for civil society and independent media.

Resources to Advance Transformational Diplomacy

Request by Account by Fiscal Year

(\$ in thousands)	FY 2007	FY 2008	FY 2009
	Actual	Estimate	Request
TOTAL	67,240	78,042	56,300
Child Survival and Health	2,970	4,296	8,000
FREEDOM Support Act	58,387	71,640	47,000
Global HIV/AIDS Initiative	5,345	-	-
International Military Education and Training	99	606	450
Nonproliferation, Antiterrorism, Demining and Related Programs	439	1,500	850

Request by Program Area by Fiscal Year

(\$ in thousands)	FY 2007	FY 2008	FY 2009
	Actual	Estimate	Request
TOTAL	67,240	78,042	56,300
Peace and Security	4,663	11,277	7,189
Combating Weapons of Mass Destruction (WMD)	2,379	3,771	2,401
Stabilization Operations and Security Sector Reform	762	1,381	1,225

(\$ in thousands)	FY 2007	FY 2008	FY 2009
	Actual	Estimate	Request
TOTAL	67,240	78,042	56,300
Counter-Narcotics	-	330	63
Transnational Crime	387	920	-
Conflict Mitigation and Reconciliation	1,135	4,875	3,500
Governing Justly and Democratically	34,170	40,649	30,334
Rule of Law and Human Rights	7,110	8,735	6,550
Good Governance	3,438	4,085	2,650
Political Competition and Consensus-Building	1,750	2,690	1,575
Civil Society	21,872	25,139	19,559
Investing in People	24,011	26,116	18,777
Health	21,170	22,276	15,777
Social Services and Protection for Especially Vulnerable People	2,841	3,840	3,000
Economic Growth	3,216	-	-
Trade and Investment	300	-	-
Economic Opportunity	2,916	-	-
Program Support	1,180	-	-
Program Support	1,180	-	-

Request by Objective by Account, FY 2009

(\$ in thousands)	Total	P&S	GJD	IIP	EG	HA	PS
TOTAL	56,300	7,189	30,334	18,777	-	-	-
Child Survival and Health	8,000	-	-	8,000	-	-	-
FREEDOM Support Act	47,000	5,889	30,334	10,777	-	-	-
International Military Education and Training	450	450	-	-	-	-	-
Nonproliferation, Antiterrorism, Demining and Related Programs	850	850	-	-	-	-	-

Peace and Security: The United States can best support Russia in establishing peace and security by working to consolidate, secure, and/or destroy and dismantle Russia's weapons of mass destruction (WMD). The Department of Defense (DOD) Nunn-Lugar Cooperative Threat Reduction programs are assisting Russia to destroy its strategic missiles and delivery systems, while securing facilities and materials. Department of Energy (DOE) activities assist in securing and disposing of nuclear and radiological material. Given the scale of DOD and DOE programs, additional counter-WMD programming through the Nuclear Regulatory Commission is focused on complementary efforts such as strengthening Russia's export control system to prevent WMD proliferation.

In order to strengthen Russia's capacity to play a constructive role in support of international security, U.S. assistance and training will increase the Russian military's interoperability with U.S. and the North Atlantic Treaty Organization (NATO) forces, including improving aspects of civil/military

interaction. The United States, through Department of State and U.S. Agency for International Development (USAID) funded programs, will support joint efforts with Russia to combat organized and transnational crime, and will promote law enforcement and criminal justice sector reform, modernization, and restructuring. U.S. assistance in the North Caucasus will focus on conflict mitigation and response in the reconciliation process, so as to help stem the spread of violence and instability. In addition, U.S. assistance will foster recovery and reintegration in the region through programs that promote economic opportunities and youth employment, health, sanitation and community development, and stem the spread of extremist ideologies.

Governing Justly and Democratically: Given growing pressures in Russia that negatively affect democratic reform, the Governing Justly and Democratically Objective continues to be the top U.S. policy priority. The entire increase in the FY 2009 request is directed to this Objective. Funding will support Russia's increasingly beleaguered democracy activists, civil society, and independent media at the same time as it advances democratic openings where they continue to exist. Department of State and USAID assistance will work to strengthen Russian political, civil, and justice sector institutions to reinforce democratic principles; protect human rights and the rule of law; assist local governments to open channels of public participation and be more responsive to citizens' demands; and promote the development of a vibrant civil society that encourages tolerance and facilitates the free exchange of ideas. U.S. assistance will continue to promote democratic institutions and public participation and will bolster NGO watchdogs, including human rights groups, and independent media as they face increasing pressure from the authorities. Funding will also promote and support advocacy organizations and independent think tanks.

Investing in People: As a result of demographic forces, the size of Russia's population is expected to drop by 30% by 2050, threatening workforce viability. This issue, combined with serious health challenges, already affects Russia's ability to act as a strong and effective partner. The United States is providing assistance in this objective through the Department of State and USAID. Challenges in the health sector also pose a transnational threat to the region and beyond: Russia has one of the fastest growing HIV/AIDS epidemics in the world with the number of HIV-infected persons exceeding 370,000 and growing at 3% to 5% per year. An increasing number of HIV-infected Russians are also infected with tuberculosis (TB). This high rate of TB co-infection, coupled with intravenous drug use seriously complicates the treatment of HIV/AIDS. U.S.-funded programs are creating the models to help Russia measure and deal with its evolving and growing epidemic. These models increase the ability of Russia's local and national governments to respond to the epidemic in an organized and sustainable way. In addition, in support of the Bratislava Initiative, which promotes U.S.-Russian cooperation to combat HIV/AIDS, the United States will provide significant assistance to improve public health standards and health education in Russia. Collaborative efforts will continue to incorporate joint Russian-U.S. laboratory capacity in third countries. U.S. assistance will also target the reproductive health of mothers and children. U.S. programs, many of which are administered by Russian NGOs, contribute to the strengthening of civil society in Russia.

Linkages with the President's Emergency Plan for AIDS Relief (PEPFAR): Russia will receive support to scale up integrated prevention, care and treatment programs throughout the country and

support orphans and vulnerable children.

Overview of Major Changes

The overall request for Russia in FY 2009 decreases from FY 2008 estimated levels. However, the FY 2009 request is an increase over the FY 2008 request level. Compared to FY 2008 estimate levels, funding for Governing Justly and Democratically decreases in absolute terms, but shows a slight increase as a proportion to the overall budget as this remains the area of highest priority for the U.S. assistance program. Funding in this area reflects the continued U.S. support for Russian advocates for democracy. Peace and Security assistance will focus on efforts in the conflict mitigation and reconciliation area, which reflects the importance of stabilizing the North Caucasus. Programs to increase the Russian military's interoperability with U.S. and NATO forces as well as some efforts in the area of transnational crime also will continue. In Investing in People, the focus of U.S. assistance will be in the areas of combating infectious disease and enhancing maternal and child health care.

Serbia

Program Overview

The size, location, ethnic composition, and economic potential of Serbia make it a linchpin for durable stability in the Balkans as well as a future contributor in Europe to address global challenges. Resolving regional conflicts and improving regional stability requires, with U.S. assistance, a series of mutually reinforcing economic, democratic, and security sector reforms that will help advance Serbia toward membership in Euro-Atlantic institutions. Serbia must work hard to overcome a legacy of ethnic division and economic decline to gain acceptance from the international community. Fed by unprofessional media and memories of the North Atlantic Trade Organization (NATO) bombing campaign, Serbia's populace remains largely distrustful of the United States and its motives in this region. With the possibility of an unpopular outcome in Kosovo, Serbian public opinion may become even more negative toward the United States and the Western world. The most critical issue for U.S. engagement is to minimize negative political fallout in Serbia from the Kosovo status process. Making progress toward long-term recovery and reconciliation within and among the states of the region requires a comprehensive approach to assisting with Serbia's reforms, with special attention to the vulnerable, multi-ethnic areas of Sandzak, Vojvodina and Southern Serbia.

Resources to Advance Transformational Diplomacy

Request by Account by Fiscal Year

(\$ in thousands)	FY 2007	FY 2008	FY 2009
	Actual	Estimate	Request
TOTAL	61,333	55,954	50,524
Assistance for Eastern Europe and Baltic States	60,000	53,563	46,274
Foreign Military Financing	-	-	1,500
International Military Education and Training	75	286	1,000
Nonproliferation, Antiterrorism, Demining and Related Programs	1,258	2,105	1,750

Request by Program Area by Fiscal Year

(\$ in thousands)	FY 2007	FY 2008	FY 2009
	Actual	Estimate	Request
TOTAL	61,333	55,954	50,524
Peace and Security	2,883	5,323	6,830
Counter-Terrorism	435	-	150
Combating Weapons of Mass Destruction (WMD)	823	1,355	850
Stabilization Operations and Security Sector Reform	1,525	3,968	5,830
Transnational Crime	100	-	-
Governing Justly and Democratically	19,476	18,765	13,786

(\$ in thousands)	FY 2007	FY 2008	FY 2009
	Actual	Estimate	Request
TOTAL	61,333	55,954	50,524
Rule of Law and Human Rights	6,652	4,080	4,378
Good Governance	1,070	639	787
Political Competition and Consensus-Building	2,754	1,804	1,504
Civil Society	9,000	12,242	7,117
Investing in People	-	200	3,432
Education	-	200	3,432
Economic Growth	35,556	31,666	26,476
Macroeconomic Foundation for Growth	2,277	1,719	1,840
Trade and Investment	908	-	-
Financial Sector	2,668	2,578	2,761
Agriculture	7,064	8,658	7,692
Private Sector Competitiveness	15,839	14,625	10,947
Economic Opportunity	6,800	4,086	3,236
Program Support	3,418	-	-
Program Support	3,418	-	-

Request by Objective by Account, FY 2009

(\$ in thousands)	Total	P&S	GJD	IIP	EG	HA	PS
TOTAL	50,524	6,830	13,786	3,432	26,476	-	-
Assistance for Eastern Europe and Baltic States	46,274	2,580	13,786	3,432	26,476	-	-
Foreign Military Financing	1,500	1,500	-	-	-	-	-
International Military Education and Training	1,000	1,000	-	-	-	-	-
Nonproliferation, Antiterrorism, Demining and Related Programs	1,750	1,750	-	-	-	-	-

Peace and Security: Improving border security, law enforcement, and justice sector capacity as well as strengthening the security sector will assist Serbia in countering illicit trafficking in conventional weapons and instituting safeguards to control and counter weapons proliferation. Additionally, U.S. security assistance will encourage greater engagement with NATO and facilitate participation in the NATO Partnership for Peace (PfP) Program through professional military education and exchanges, increased English language training, and the equipping of one Serbian company-sized force for participation in PfP exercises. Programs will also support building law enforcement capacity to fight organized crime and corruption. These programs will be funded through the U.S. Agency for International Development (USAID), and the Department of State.

Governing Justly and Democratically: U.S. assistance will support programs to strengthen the rule of law, fight corruption, foster independent media, and increase the participation of ordinary citizens

in the decision making process. U.S. assistance through USAID and the Department of State also will focus on improving the administration and transparency of the courts and parliament, strengthen democratic and minority political parties; local government; civil society, a free media; and freedom of information. In addition, U.S. assistance will also focus on the justice sector, including judicial functions and capabilities to prosecute crimes, including organized crime, corruption, and war crimes. This focus on the rule of law will undergird U.S. efforts to strengthen governing institutions, invigorate the private sector, and generally stabilize the country. An effective youth exchange program will continue to provide Serbians of all ethnicities exposure to the U.S. democratic, free-market system.

Investing in People: U.S. assistance through the Department of State will support programs to build the capacity of the Serbian educational system to teach English and provide student advising that will enhance the capability of Serbian students to study in the U.S.

Economic Growth: Serbia has made notable progress in economic and democratic reforms, but in order to aspire to European Union (EU) membership, it must advance competition policy, reduce external debt, decrease its large trade deficit, and divest dormant state owned enterprises through privatization. The remnants of non-performing state-owned enterprises distort regional economies, while the ensuing unemployment and rising poverty fuel discontent and ethnic tension. U.S. assistance through the Department of State and USAID will improve the climate for investment and growth by further reforming the financial and business sector environments. These programs will work in tandem with measures to elevate private sector and agricultural sector productivity. Under initiatives to create more inclusive financial markets and to strengthen microenterprise productivity, U.S. assistance will increase economic opportunities in vulnerable areas using a rapid response and flexible contingency planning program that addresses core issues of local-level job creation and social inclusion, thereby reducing the risk of instability and conflict in vulnerable regions with concentrations of disadvantaged populations. Improving debt management, fiscal transparency, and accountability through fiscal policy reforms and building trade and investment capacity are essential elements for EU accession.

Overview of Major Changes

Because Serbia remains a priority for U.S. assistance in the region, funding to further good governance, law enforcement reform, anti-corruption efforts, and democratic reform will remain relatively steady. Funding for economic growth is slightly reduced, though still receives the largest amount of funding among the program areas. In the context of the Kosovo status outcome, increased security assistance funding is intended to steer Serbia toward Euro-Atlantic integration by enhancing U.S.-Serbia military cooperation and supporting military reform, defense restructuring, and NATO engagement. The continuation of security assistance to Serbia in FY 2009 will be contingent upon whether relevant legal restrictions do not apply or are waived.

Slovakia

Program Overview

The challenge in Slovakia is maintaining defense reform and ensuring Slovakia's continuing contribution to North Atlantic Treaty Organization (NATO) operations and regional stability. The new government disagrees with some U.S. foreign policy objectives and is expected to pursue a Eurocentric foreign policy. Progress made on corruption, minority rights, military modernization, and democratic reform could falter. U.S. assistance provides the opportunity to encourage Slovakia to continue to modernize its armed forces and avoid scaling back its cooperation with NATO or U.S.-led peacekeeping efforts. The continuation of U.S. assistance towards the achievement of peace and security objectives at this time will help Slovakia consolidate its gains and maintain its development as a positive and stabilizing influence among its neighbors in the region and globally.

Resources to Advance Transformational Diplomacy

Request by Account by Fiscal Year

(\$ in thousands)	FY 2007 Actual	FY 2008 Estimate	FY 2009 Request
TOTAL	4,986	2,082	3,000
Foreign Military Financing	3,753	1,035	2,000
International Military Education and Training	1,038	1,047	1,000
Nonproliferation, Antiterrorism, Demining and Related Programs	195	-	-

Request by Program Area by Fiscal Year

(\$ in thousands)	FY 2007 Actual	FY 2008 Estimate	FY 2009 Request
TOTAL	4,986	2,082	3,000
Peace and Security	4,986	2,082	3,000
Combating Weapons of Mass Destruction (WMD)	195	-	-
Stabilization Operations and Security Sector Reform	4,791	2,082	3,000

Request by Objective by Account, FY 2009

(\$ in thousands)	Total	P&S	GJD	IIP	EG	HA
TOTAL	3,000	3,000	-	-	-	-
Foreign Military Financing	2,000	2,000	-	-	-	-
International Military Education and Training	1,000	1,000	-	-	-	-

Peace and Security: U.S. assistance promotes NATO interoperability and capabilities within the Slovak armed forces. Funds will be used to support the development of niche capabilities for NATO, strengthen Slovakia's ability to contribute to NATO peacekeeping missions, and provide a better prepared and more interoperable combat force at tactical and operational levels. Funding will provide equipment and training to further defense reform, promote modernization, and support Slovakia's NATO niche capabilities. These programs will be funded through the Department of State.

Overview of Major Changes

The overall request for Slovakia in FY 2009 reflects an increase from FY 2008 levels.

Slovenia

Program Overview

Slovenia currently has troops deployed in Iraq, Afghanistan, Kosovo, and Bosnia and Herzegovina. Future efforts by Slovenia to provide peacekeeping troops and to support the war on terror will help bolster stability in the Western Balkans and strengthen the common defense against terrorists. Slovenia must also fulfill its obligations as a North Atlantic Treaty Organization (NATO) member by meeting NATO Force Goals and ensuring its border and customs officials are able to secure the country's borders. Continued U.S. assistance in the Peace and Security Objective will help Slovenia maintain its position as a positive and stabilizing influence in the region and globally.

Resources to Advance Transformational Diplomacy

Request by Account by Fiscal Year

(\$ in thousands)	FY 2007 Actual	FY 2008 Estimate	FY 2009 Request
TOTAL	1,302	1,218	1,200
Foreign Military Financing	447	376	500
International Military Education and Training	855	842	700

Request by Program Area by Fiscal Year

(\$ in thousands)	FY 2007 Actual	FY 2008 Estimate	FY 2009 Request
TOTAL	1,302	1,218	1,200
Peace and Security	1,302	1,218	1,200
Stabilization Operations and Security Sector Reform	1,302	1,218	1,200

Request by Objective by Account, FY 2009

(\$ in thousands)	Total	P&S	GJD	IIP	EG	HA
TOTAL	1,200	1,200	-	-	-	-
Foreign Military Financing	500	500	-	-	-	-
International Military Education and Training	700	700	-	-	-	-

Peace and Security: Department of State funded programs will promote NATO interoperability and assist in the modernization and reform of Slovenia's military as well as increase its ability to participate in international missions. Military assistance will help develop Slovenia's niche capabilities, provide English language training, and promote the rule of law, human rights, and

civilian control of the military. Technical training will also be provided to Slovenia's deployable combat forces and support elements.

Overview of Major Changes

The overall FY 2009 request for Slovenia is comparable to the FY 2008 level.

Turkey

Program Overview

At the intersection of Europe, the Middle East and the Caucasus, Turkey plays a vital role in the region. Having suffered from both domestic and international terrorism, and facing the threat of becoming a pathway for terrorist financing and the trafficking of narcotics, persons and weapons of mass destruction (WMD)-related materials, Turkey has chosen to fight these threats as a strong ally in the war on terror. A Muslim-majority nation of over 70 million with a working, secular democracy, a free market economy and the North Atlantic Treaty Organization's (NATO) second-largest military, Turkey can play a leadership role in the region and has served as a model for modernizing nations worldwide. In addition, Turkey is currently active in virtually all aspects of U.S. military operations in the Middle East, the Balkans and Central Asia, including Afghanistan and Iraq.

Resources to Advance Transformational Diplomacy

Request by Account by Fiscal Year

(\$ in thousands)	FY 2007 Actual	FY 2008 Estimate	FY 2009 Request
TOTAL	19,791	12,159	18,710
Foreign Military Financing	14,232	6,819	12,000
International Military Education and Training	3,500	2,855	3,000
International Narcotics Control and Law Enforcement	-	298	300
Nonproliferation, Antiterrorism, Demining and Related Programs	2,059	2,187	3,410

Request by Program Area by Fiscal Year

(\$ in thousands)	FY 2007 Actual	FY 2008 Estimate	FY 2009 Request
TOTAL	19,791	12,159	18,710
Peace and Security	19,791	12,159	18,710
Counter-Terrorism	1,646	1,587	2,660
Combating Weapons of Mass Destruction (WMD)	413	600	750
Stabilization Operations and Security Sector Reform	17,732	9,674	15,000
Counter-Narcotics	-	298	300

Request by Objective by Account, FY 2009

(\$ in thousands)	Total	P&S	GJD	IIP	EG	HA
TOTAL	18,710	18,710	-	-	-	-
Foreign Military Financing	12,000	12,000	-	-	-	-

(\$ in thousands)	Total	P&S	GJD	IIP	EG	HA
TOTAL	18,710	18,710	-	-	-	-
International Military Education and Training	3,000	3,000	-	-	-	-
International Narcotics Control and Law Enforcement	300	300	-	-	-	-
Nonproliferation, Antiterrorism, Demining and Related Programs	3,410	3,410	-	-	-	-

Peace and Security: U.S. assistance focuses on the continuing transformation of the Turkish Armed Forces and improving its interoperability with U.S. and NATO forces, essential for Turkey's participation in the war on terror including efforts in Iraq and Afghanistan. Turkey's well-trained military is a force multiplier for U.S., NATO and Coalition operations. Department of State funded programs will build the capacity of the Turkish military and strengthens its relationship with the United States.

U.S. assistance also focuses on efforts to combat narcotics trafficking, transnational crime, terrorism, and the spread of WMD. The United States seeks to develop Turkey as a base for regional leadership on these issues. Most Afghan-derived opiates are believed to transit Turkey, which also serves as a base for major narcotics traffickers and brokers. U.S. assistance supports cooperation between Turkish and Afghan law enforcement officials and helps Turkish authorities target regional criminal organizations. U.S. programs also work to assist the fight against the terrorist Kurdistan Worker's Party and to develop trilateral U.S.-Iraqi-Turkish counter-terrorism cooperation. To prevent WMD proliferation, U.S. assistance supports activities to enhance Turkey's strategic trade control system, training for licensing officers and border guards, and provision of equipment designed to enhance detection, targeting, and inspection capabilities.

Overview of Major Changes

The overall request for Turkey in FY 2009 reflects an increase from FY 2008 levels. The significant increase in security assistance reflects the importance of anti-terrorism and border security assistance for Turkey and the U.S. effort to establish Turkey as a regional hub for fighting terrorism, human trafficking, narcotics trafficking, and other activities. It also reflects the continuing importance of Turkey's role in NATO force transformation, operations in Afghanistan, and the war on terror.

Ukraine

Program Overview

The broad goal of transformational diplomacy in Ukraine is a democratic, prosperous, and secure Ukraine fully integrated into the Euro-Atlantic community. The United States will continue to promote a legacy of sustainable institutions that advance democratic reform, energy security, human rights, and economic growth. Endemic corruption remains a serious obstacle to progress, and a factionalized political environment also has slowed the legislative, judicial, and market reforms necessary for closer integration with the European Union, accession to the World Trade Organization (WTO), and greater integration into the world economy. Increased political will from the Government of Ukraine (GOU) also will be required to ensure transparency, security, and diversification of the energy sector and to curb one of Europe's fastest growing HIV/AIDS epidemics.

Resources to Advance Transformational Diplomacy

Request by Account by Fiscal Year

(\$ in thousands)	FY 2007 Actual	FY 2008 Estimate	FY 2009 Request
TOTAL	96,514	82,908	86,475
Child Survival and Health	2,170	1,891	5,350
Foreign Military Financing	9,500	4,700	8,000
FREEDOM Support Act	80,000	72,409	69,575
Global HIV/AIDS Initiative	1,628	-	-
International Military Education and Training	1,856	1,808	1,750
Nonproliferation, Antiterrorism, Demining and Related Programs	1,360	2,100	1,800

Request by Program Area by Fiscal Year

(\$ in thousands)	FY 2007 Actual	FY 2008 Estimate	FY 2009 Request
TOTAL	96,514	82,908	86,475
Peace and Security	38,612	33,274	35,004
Combating Weapons of Mass Destruction (WMD)	22,810	21,050	20,177
Stabilization Operations and Security Sector Reform	14,565	10,643	13,736
Transnational Crime	1,237	1,581	1,091
Governing Justly and Democratically	23,161	21,549	24,144
Rule of Law and Human Rights	5,832	4,138	5,972
Good Governance	7,266	7,073	8,082
Political Competition and Consensus-Building	1,953	1,260	1,853
Civil Society	8,110	9,078	8,237

(\$ in thousands)	FY 2007	FY 2008	FY 2009
	Actual	Estimate	Request
TOTAL	96,514	82,908	86,475
Investing in People	9,877	11,069	8,259
Health	9,319	10,919	8,105
Education	558	150	154
Economic Growth	22,212	15,516	17,833
Macroeconomic Foundation for Growth	575	500	515
Trade and Investment	3,348	1,432	2,492
Financial Sector	8,149	5,750	4,324
Infrastructure	9,000	5,009	5,714
Agriculture	250	1,425	1,699
Private Sector Competitiveness	890	1,400	3,089
Humanitarian Assistance	1,200	1,500	1,235
Protection, Assistance and Solutions	1,200	1,200	1,235
Disaster Readiness	-	300	-
Program Support	1,452	-	-
Program Support	1,452	-	-

Request by Objective by Account, FY 2009

(\$ in thousands)	Total	P&S	GJD	IIP	EG	HA	PS
TOTAL	86,475	35,004	24,144	8,259	17,833	1,235	-
Child Survival and Health	5,350	-	-	5,350	-	-	-
Foreign Military Financing	8,000	8,000	-	-	-	-	-
FREEDOM Support Act	69,575	23,454	24,144	2,909	17,833	1,235	-
International Military Education and Training	1,750	1,750	-	-	-	-	-
Nonproliferation, Antiterrorism, Demining and Related Programs	1,800	1,800	-	-	-	-	-

Peace and Security: The United States, through the U.S. Agency for International Development (USAID) and the Department of State, will fund programs to support the peace and security needs of Ukraine. A key priority of U.S. assistance will be to support the necessary restructuring, modernization, and reform of the Ukrainian armed forces for interoperability with, and possible accession, to the North Atlantic Treaty Organization (NATO). U.S. assistance will also support development of Ukrainian forces deployable for international missions. In addition, the reorganization of Ukraine's law enforcement bodies to comport with European norms is essential to the country's Euro-Atlantic integration and hence to U.S. transformational diplomacy. Assistance within this objective will also focus on promoting law enforcement reform; countering weapons of mass destruction and conventional weapons proliferation; nuclear safety; reintegration of weapons scientists in civilian pursuits; strengthening export control and border security; and combating transnational crime, particularly trafficking in persons. Ukraine has been a strong participant in

peacekeeping and other international missions in Iraq, Afghanistan, the Balkans, the Middle East, and Africa and has been a key partner in tackling the challenge of weapons proliferation. By far the largest funding requirement under the Peace and Security Objective is for nuclear safety as it includes funding for the Chernobyl Shelter Implementation Project and Nuclear Safety Account. This reflects in part the international commitment to contribute to the construction of a shelter over the sarcophagus of the destroyed Chernobyl nuclear reactor.

Governing Justly and Democratically: USAID and Department of State funded programs will continue to focus democracy assistance on consolidating democratic progress since the Orange Revolution. Assistance under this objective will target civil society and independent media capacity-building, good governance and anti-corruption efforts, rule of law and justice system reform, and strengthening of the political process and political parties. Governmental capacity-building will contribute to improved governance, economic growth, political stability, and peace and security. Assistance will be focused on helping civil society and the media act as anti-corruption watchdogs and increasing public participation. Programs will also focus on strengthening the capacity of the justice sector, legislature, local government and the executive branch. A special focus will be placed on strengthening good governance in Eastern and Southern Ukraine. FY 2009 activities to strengthen electoral and political processes and political parties will work to promote a free and fair presidential election in January 2010. Democratization assistance will build on Ukraine's Millennium Challenge Corporation (MCC) Threshold program and fund activities complementary to and supportive of its anti-corruption focus.

Investing in People: Through USAID, U.S. assistance will focus on combating HIV/AIDS and tuberculosis (TB) as well as on voluntary family planning and reproductive health. Programs will also include funding for faculty exchanges and university partnerships. Ukraine has one of the world's fastest rates of increase in pre-epidemic HIV and TB infection. Assistance programs to arrest the spread of HIV/AIDS will also help prevent mother-to-child HIV/AIDS transmission, address the spread of multi-drug-resistant TB strains, and stem the potential long-term disruption HIV/AIDS poses to Ukraine's economic growth.

Linkages with the President's Emergency Plan for AIDS Relief (PEPFAR): Ukraine will receive support to scale up integrated prevention, care and treatment programs throughout the country and support orphans and vulnerable children.

Economic Growth: U.S. economic growth assistance, through USAID and the Department of State focuses on the energy sector, developing financial services, and building enabling environments (trade and investment, financial, business, and agricultural) to promote growth, facilitate European integration, fortify Ukraine against external economic and energy pressure, and implement WTO accession, assuming that Ukraine will have acceded to the WTO by FY 2009. Ukraine's long-term political stability is closely linked to its economic prosperity, security, and transparency and to the rise of a broad entrepreneurial middle class. Assistance in the energy sector will focus on promoting energy efficiency, transparency, security, and diversification and encouraging energy policy reform. Assistance under the Economic Growth Objective will include legislative reform and anti-corruption

components. Funding will also support business internships and exchanges to build human capital.

Humanitarian Assistance: U. S. assistance, provided by the Department of State, will support humanitarian projects that are designed to alleviate suffering of the most needy population groups in Crimea and the depressed areas of Eastern Ukraine, will focus on victims of Chornobyl, formerly displaced persons, elderly, disabled, orphans, children, the extreme poor, and the institutionalized. Through these projects, the United States will provide medicines, medical supplies and equipment, food, clothing, health and emergency shelter items; respond to disasters; and execute small reconstruction projects.

Linkages with the Millennium Challenge Corporation

Ukraine's MCC Threshold Program was approved and funded by the MCC Board in 2006, and will dedicate approximately \$45 million over a two-year period to anti-corruption activities in judicial reform; GOU ethical and administrative standards; higher education; streamlining and enforcement of government regulations; and monitoring and advocacy by civil society and the media. Assistance will address the Governing Justly and Democratically Objective by funding activities – such as strengthening Ukraine’s ability to investigate and prosecute corruption – that underpin the Threshold country program and maximize its impact. MCC Compact approval and funding will be contingent on Ukraine's progress in combating corruption.

Overview of Major Changes

The overall request for Ukraine in FY 2009 reflects an increase from FY 2008 levels. Funding distribution across the objectives remains approximately constant. This funding level reflects an overall strategy to increase Ukraine’s energy security, promote economic independence and improve democratic governance with the aim of furthering Ukraine’s Euro-Atlantic integration. Economic Growth assistance will increase slightly to strengthen Ukraine’s economy against external economic pressure and diversify the country’s energy sources and trading partners. Peace and Security assistance will center on improving NATO interoperability and strengthening rule of law to facilitate Euro-Atlantic integration. Assistance for Governing Justly and Democratically will focus on civil society and independent media capacity building, good governance and justice system reform with a particular focus on Eastern and Southern Ukraine.

Eurasia Regional

Program Overview

Eurasian countries are having difficulty transitioning from Soviet political, economic, and social control to stable, free-market democracies capable of addressing the twenty-first century's transnational threats. While four Eurasian countries implemented significant policy reforms to liberalize and strengthen their economies in 2007, only two made progress on democratic reform. In many countries, health, education, and other social systems are in disarray and lack capacity to meet the needs of their citizens. Festering border disputes, persistent tension between minority groups, and regional political pressures thwart the regional cooperation that could cement both the momentum for and fruits of reform, promote collaboration to counter transnational threats, and facilitate integration into international and Euro-Atlantic institutions. Regionally budgeted assistance boosts the effectiveness of bilateral programs by fostering regional cooperation, provides a rapid response mechanism for political and/or humanitarian emergencies, and supports regionally based or Washington-based personnel and platforms to implement regional transformational diplomacy objectives.

Resources to Advance Transformational Diplomacy

Request by Account by Fiscal Year

(\$ in thousands)	FY 2007 Actual	FY 2008 Estimate	FY 2009 Request
TOTAL	39,508	21,684	26,643
Child Survival and Health	-	-	450
Economic Support Fund	-	3,125	-
FREEDOM Support Act	39,508	18,559	25,493
Nonproliferation, Antiterrorism, Demining and Related Programs	-	-	700

Request by Program Area by Fiscal Year

(\$ in thousands)	FY 2007 Actual	FY 2008 Estimate	FY 2009 Request
TOTAL	39,508	21,684	26,643
Peace and Security	19,024	6,255	13,841
Counter-Terrorism	500	-	700
Combating Weapons of Mass Destruction (WMD)	150	100	-
Stabilization Operations and Security Sector Reform	2,700	1,550	2,500
Transnational Crime	-	105	123
Conflict Mitigation and Reconciliation	15,674	4,500	10,518
Governing Justly and Democratically	3,732	4,450	6,150

(\$ in thousands)	FY 2007	FY 2008	FY 2009
	Actual	Estimate	Request
TOTAL	39,508	21,684	26,643
Rule of Law and Human Rights	138	128	163
Good Governance	283	60	225
Political Competition and Consensus-Building	2,158	2,000	2,744
Civil Society	1,153	2,262	3,018
Investing in People	4,929	4,969	1,875
Health	1,898	1,643	1,687
Education	2,350	3,125	-
Social Services and Protection for Especially Vulnerable People	681	201	188
Economic Growth	6,086	2,908	4,777
Macroeconomic Foundation for Growth	341	137	125
Trade and Investment	2,920	600	1,800
Financial Sector	383	274	380
Infrastructure	1,800	1,100	1,580
Private Sector Competitiveness	492	766	578
Environment	150	31	314
Humanitarian Assistance	4,322	3,102	-
Protection, Assistance and Solutions	4,322	3,102	-
Program Support	1,415	-	-
Program Support	1,415	-	-

Request by Objective by Account, FY 2009

(\$ in thousands)	Total	P&S	GJD	IIP	EG	HA	PS
TOTAL	26,643	13,841	6,150	1,875	4,777	-	-
Child Survival and Health	450	-	-	450	-	-	-
FREEDOM Support Act	25,493	13,141	6,150	1,425	4,777	-	-
Nonproliferation, Antiterrorism, Demining and Related Programs	700	700	-	-	-	-	-

Peace and Security: Borders throughout the Eurasian region are porous, and regional law enforcement cooperation is weak. Through the Department of State, U.S. regional assistance programs improve regional law enforcement capabilities and regional cooperation with U.S. law enforcement to combat transborder drug trafficking and organized crime. Funding will be used to support important multilateral programs such as multi-country training at the International Law Enforcement Academy in Budapest. U.S. regional assistance promotes cooperation to strengthen weak Eurasian money-laundering and other counter-terrorism capacities, thereby limiting the threat of terrorism in, through, and from the region. Support for the GUAM organization (comprised of the Governments of Georgia, Ukraine, Azerbaijan and Moldova) will help to combat transborder criminal activities by creating a coordination mechanism for law enforcement officials from these countries.

Festering regional conflicts continue to threaten internal and regional stability in Eurasia. The Organization for Security and Cooperation in Europe (OSCE) supports U.S. foreign policy priorities by helping to resolve regional conflicts, contain and reduce instability, assist post-conflict rehabilitation, combat transnational threats to stability, implement measures against terrorism and promote reform, good governance and institutional development. The OSCE's work on democratization/elections, human rights, tolerance, economic development, security sector reform and related efforts reflect an integrated approach designed to prevent conflict and unrest. Funding for the OSCE is requested under this heading as well as in the Europe Regional section of the budget justification.

Governing Justly and Democratically: Overall, democratic institutions in Eurasia remain weak; those countries at the forefront of democratization had difficulty sustaining the momentum of reform. Through the U.S. Agency for International Development (USAID) and the Department of State, U.S. regional assistance programs will boost bilateral efforts by promoting regional information sharing and nurturing cross-border links and cooperation, enabling governmental and non-governmental actors to share best practices and experience. Funding will support programs and advisors who work with their counterparts in the field to advance bilateral efforts to develop sustainable civil society institutions, free and fair elections and effective political parties, better governance, the rule of law, and independent media. Networks of non-governmental organizations will help build a groundswell of democratic reformers who can push autocratic or unresponsive governments to take citizen's concerns into account. Funding will support independent media development to increase access to objective information and promote regional knowledge and understanding of current events. Regional funding also will support analytical tools that capture Eurasia's progress in moving toward democratic societies.

Investing in People: Many Eurasian countries continue to face pervasive poverty and significant health, education, and other social issues. Life expectancy in the Eurasian region is lower now than it was in 1989. Through USAID, U.S. assistance will promote regional public health information-sharing and cooperation, strengthen countries' ability to prevent the spread of disease, including HIV/AIDS and drug-resistant tuberculosis, and improve living standards. In many countries of the region, failure to develop and sustain market-oriented social services undermines public support for economic and democratic reform. U.S. regional assistance will support expert advice, analytical tools, and programming that supplements bilateral efforts to improve policies, regulations and systems.

Economic Growth: Most Eurasian countries do not benefit from robust regional trade or investment. Only four Eurasian countries made measurable progress on economic reform in FY 2007: Belarus advanced in banking; Georgia advanced in large-scale privatization; Moldova in competition policy and banking; and Ukraine in infrastructure and non-bank financial reforms. Through USAID, U.S. regional assistance will fund feasibility studies and technical assistance to advance economic development, open opportunities for U.S. business, promote regional integration of energy markets, energy security and supply diversification, and foster regional border control and customs cooperation. Regional financial sector reform programs will make internal fiscal reform efforts more

successful, contribute to economic growth, and inform and influence governments to bring their practices in line with international agreements and European practices. Regional assistance funds also will improve regional energy security by helping governments create regional energy networks. These networks will help them diversify their imports, develop indigenous alternatives and integrate them with Western European grids and markets in order to insulate them from the effects of periodic energy crises telescoping out of Eurasia. Regional environmental impact assessments will help governments comply with environmental regulations and build their capacity and public awareness to implement environmental safeguards.

Overview of Major Changes

The proposed FY 2009 funding level for the Eurasia Regional account is an increase from the FY 2008 level. Funding distribution across the objectives will remain approximately constant, with a notable shift from Humanitarian Assistance programs to programs that focus on more long-term development. The proposed funding reflects the focus of U.S. policy on Peace and Security Objectives in the Eurasia region including border control and counter-terrorism efforts. This includes a shifting of funding out of the education area. Proposed levels also will allow the United States and other donors to capitalize on funding in areas of comparative advantage by supporting bilateral programs.

Europe Regional

Program Overview

U.S. regional foreign assistance to the countries of Southeast Europe focuses on the following key goals: supporting cross-border knowledge transfer and cooperative programs; promoting reconciliation to overcome persistent post-conflict tensions and mutual mistrust; and supporting regionally based and Washington-based experts and platforms that contribute to achieving transformational diplomacy objectives.

Resources to Advance Transformational Diplomacy

Request by Account by Fiscal Year

(\$ in thousands)	FY 2007 Actual	FY 2008 Estimate	FY 2009 Request
TOTAL	46,875	22,169	29,953
Assistance for Eastern Europe and Baltic States	46,400	17,805	29,953
Child Survival and Health	250	2,033	-
Economic Support Fund	-	1,835	-
Nonproliferation, Antiterrorism, Demining and Related Programs	225	496	-

Request by Program Area by Fiscal Year

(\$ in thousands)	FY 2007 Actual	FY 2008 Estimate	FY 2009 Request
TOTAL	46,875	22,169	29,953
Peace and Security	27,535	5,295	20,510
Counter-Terrorism	-	496	-
Combating Weapons of Mass Destruction (WMD)	225	-	-
Stabilization Operations and Security Sector Reform	1,010	800	685
Transnational Crime	-	1,417	1,000
Conflict Mitigation and Reconciliation	26,300	2,582	18,825
Governing Justly and Democratically	8,662	8,328	6,147
Rule of Law and Human Rights	84	214	349
Good Governance	564	889	578
Political Competition and Consensus-Building	680	703	497
Civil Society	7,334	6,522	4,723
Investing in People	2,375	4,415	709
Health	889	2,403	488
Education	1,250	1,835	-

(\$ in thousands)	FY 2007	FY 2008	FY 2009
	Actual	Estimate	Request
TOTAL	46,875	22,169	29,953
Social Services and Protection for Especially Vulnerable People	236	177	221
Economic Growth	5,897	4,131	2,587
Macroeconomic Foundation for Growth	165	139	126
Trade and Investment	935	500	-
Financial Sector	557	279	499
Infrastructure	2,608	2,083	1,245
Private Sector Competitiveness	1,418	956	372
Environment	214	174	345
Program Support	2,406	-	-
Program Support	2,406	-	-

Request by Objective by Account, FY 2009

(\$ in thousands)	Total	P&S	GJD	IIP	EG	HA	PS
TOTAL	29,953	20,510	6,147	709	2,587	-	-
Assistance for Eastern Europe and Baltic States	29,953	20,510	6,147	709	2,587	-	-

Peace and Security: Many of the countries of Southeastern Europe have weak border controls and law enforcement bodies that are still not adequate to meet the growing challenge of transnational organized crime. U.S. bilateral and regional assistance programs will help to build professional law enforcement bodies, including effective border services. U.S.-supported programs will continue to increase the competence of law enforcement authorities and develop cross-border cooperation activities, including effective investigations and prosecutions coordinated at the regional level. These assistance activities have already demonstrated success in countering the threat posed by increasingly sophisticated international criminal networks.

Ongoing regional conflicts continue to threaten internal and regional stability in Europe. The Organization for Security and Cooperation in Europe (OSCE) directly supports U.S. foreign policy priorities by helping to resolve regional conflicts, contain and reduce instability, assist post-conflict rehabilitation, combat transnational threats to stability, implement measures against terrorism and promote reform, combat organized crime, and promote good governance and institutional development. The OSCE's work on democratization/elections, economic development, security sector reform and related efforts will continue to reflect an integrated approach designed to prevent conflict and unrest. Funding for the OSCE is requested under this heading as well as in the Eurasia Regional section of the budget justification. These assistance programs will be funded through the Department of State.

Governing Justly and Democratically: The successful democratic transition of the region depends on the consolidation of democratic institutions and the rule of law. Success in achieving these goals is

fostered by the desire of countries in the region to fulfill the criteria for the North Atlantic Treaty Organization and European Union membership. Programs are structured to increase the degree of regional ownership of cooperation activities over time and reduce the role of donors. U.S. assistance will foster progress in free speech, professional journalism, plurality of news sources, and an independent media. Programs through the U.S. Agency for International Development (USAID) and the Department of State also will support analytical tools that assess Southeastern Europe's progress in building democratic societies and developing sustainable civil society institutions. Grants to the alumni of U.S. exchange, training and other public diplomacy programs will support their efforts to advance reform and build strong relationships between the United States and the countries of the region.

Investing in People: Health and social indicators for Southeastern Europe including infant mortality and life expectancy continue to show improvement, but significant parts of the population of the region do not benefit sufficiently from the general progress. USAID regional assistance will supplement bilateral programs and promote public health information-sharing and cooperation, strengthening the ability of countries in the region to prevent the spread of disease, and focus on critical health threats such as HIV/AIDS and tuberculosis.

Economic Growth: Establishing a reliable and affordable energy supply is vital to Southeastern Europe's continued economic growth and is best done at the regional level. U.S. assistance, which aims to bring the region into larger energy networks while averting dependence on a single supplier, will spur economic growth and contributes to stability. Some countries are still unable to participate fully in the international trading system or take advantage of trade opportunities within the region, which reduces their ability to attract foreign investment and create employment. U.S. regional assistance will strengthen private sector competitiveness. Regional finance sector reform programs will bring laws and practices into line with international agreements and help integrate the region into international financial markets. Regional programming also will support country and regional offices in conducting of environmental impact assessments, complying with environmental regulations and building similar capacities and awareness as well as related safeguards in host countries. It is anticipated that these assistance programs will be funded through USAID.

Overview of Major Changes

Consistent with the need to support the OSCE's work through the Assistance for Eastern Europe and Baltic States account, funding for regional assistance activities in Europe will increase under this budget. With the exception of funding for OSCE, other assistance will remain similar to 2008. Further reform of the justice sector, including organized crime and border control, will continue to be priorities, along with efforts to encourage energy security and foster strong civil societies and intergovernmental cooperation.