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Argentina
(\$ in thousands)

Account	FY 2000 Actual	FY 2001 Estimate	FY 2002 Request
FMF	450	995	2,000
IMET	740	800	850

National Interests:

Maintenance of international security and regional stability, and building economic prosperity through enhanced trade are the leading U.S. interests in Argentina. The Government of Argentina (GOA) has actively supported U.S. security goals by playing a leading role in international peacekeeping. Argentina has also cooperated with the U.S. in counter-terrorism and counter-narcotics activities, which are centered in the tri-border area with Brazil/Paraguay. We are assisting the GOA with judicial reform and anti-corruption programs as well. Since the open-market economic reforms of the early 1990s, U.S. exports to Argentina have increased seven-fold and direct investment ten-fold; opportunities exist for further expansion despite the current Argentine recession.

Objectives & Justification:

FMF funding enables Argentina's armed forces to improve their peacekeeping capacity through purchases of up-to-date communications and transport equipment, at a time of severe budget austerity. Argentina has also been Latin America's largest user of U.S. Excess Defense Articles (EDA). Argentina will be eligible to receive Excess Defense Articles (EDA) on a grant basis under § 516 of the Foreign Assistance Act (FAA). Transfer of grant EDA to Argentina continues our policy of supporting Argentina, as a major non-NATO Ally, at a time when fiscal austerity has drastically shrunk Argentine defense spending. It enables Argentina to continue its productive cooperation with the U.S. and NATO in international peacekeeping operations. Receipt of grant EDA helps Argentina obtain NATO-compatible equipment, such as transport and communications equipment, which improves its interoperability with NATO forces in peacekeeping operations.

In FY 2002, FMF will be used to increase Argentina's ability to participate in peacekeeping missions. Funds will be used to support increases in training, interoperability, and purchase needed equipment. International Military Education and Training (IMET) courses increase Argentine inter-operability with U.S. and NATO forces, which bolsters its strong participation in worldwide peacekeeping activities. IMET also plays a key role in developing civilian experts who can administer the Argentine defense establishment effectively. With 544 UN peacekeepers serving in E. Timor, W. Sahara, Ethiopia-Eritrea, Iraq-Kuwait, Cyprus, Bosnia and Kosovo, Argentina ranks first in Latin America. The GOA has also been a leading recipient of Enhanced International Peacekeeping Capability (EIPC) funding (\$2.25 million in FY1998-1999), with military personnel from other Latin American nations attending the GOA's peacekeeping training academy.

In the aftermath of the 1990s bombings in Buenos Aires that killed over one hundred people, our Anti-Terrorist Assistance programs (NADR) brought Argentine officials to the U.S. for valuable counter-terrorism briefings and training. The tri-border area and Argentina's northern border with Bolivia are transshipment routes for illegal drugs bound for the U.S.; regional INC funding provides police training for interdiction activities. In addition, the U.S. continues to promote training and exchange programs with Argentine law enforcement and judicial authorities in support of GOA efforts to reduce international criminal activity.

Bahamas
(\$ in thousands)

Account	FY 2000 Actual	FY 2001 Estimate	FY 2002 Request
FMF	50	139	100
IMET	112	115	140
INC	1,000	1,200	1,200

National Interests:

Because of the proximity of The Bahamas to the United States, the U.S. has a strong interest in a stable and democratic Bahamas that will work closely with the U. S. on bilateral, regional, and multilateral issues. Principal U.S. interests in The Bahamas include providing assistance to American residents of the country and to the more than three million American tourists who visit annually, stopping the transshipment of illicit drugs and smuggling of unlawful migrants through the Bahamian archipelago, and combating money laundering.

Objectives & Justification:

Only 50 miles from the United States at its closest point, the Bahamian archipelago is a major transshipment point for illegal narcotics trafficking and illegal migration to the U.S. After tourism, financial services represent the biggest industry. For the sake of regional and U.S. security concerns, it is important that the Bahamian government be strong enough to combat the threat to its sovereignty and its banking industry represented by illegal drug trafficking, money-laundering, corruption, and other crimes. The Bahamas, the Turks and Caicos Islands, and the United States are partners in Operation Bahamas and Turks and Caicos (OPBAT) to combat illegal narcotics trafficking. In this joint operation, under the bilateral maritime agreement, Bahamian and Turks and Caicos police and U.S. Drug Enforcement Administration (DEA) personnel cooperate with U.S. Coast Guard and U.S. Army helicopter crews in missions against suspected drug smugglers.

The Bahamas will be eligible to receive Excess Defense Articles (EDA) in FY 2002 on a grant basis under Section 516 of the Foreign Assistance Act (FAA). EDA will be used to promote counter-drug efforts, maritime support, inter-operability and modernization of equipment. International Military and Education Training (IMET) and Foreign Military Financing (FMF) funds are used to educate, train, and equip the Bahamian Police and Defense Forces to increase their effectiveness. FMS will be used to develop command, control and communications (C3) architecture capable of supporting conduct of joint/multi-national counter-drug (CD) operations and conduct CD interdiction operations. U.S. military interaction includes Joint Combined Exercises and Training deployments, construction and humanitarian deployments, demand reduction campaigns of Military Information Support (MIST) teams, and disaster relief exercises.

U.S. INC funding supports Bahamian government efforts to carry out drug enforcement operations and investigations by providing operational support, training, and equipment. It also supports institution-building efforts by the Bahamian government through its multi-year projects to reform the Bahamian courts by promoting procedural changes and more efficient management

of drug cases and to computerize all Bahamian courts and install a court case management software system. The U.S. Embassy also works closely with Bahamian officials to support anti-money-laundering efforts and to encourage the Bahamian government to act more effectively to seize drug traffickers' assets.

More than three million U.S. citizens visited The Bahamas in 2000 and approximately 8,000 reside there. Consequently, the safety and security of American citizens is a principal U.S. objective. U.S. officials in The Bahamas maintain close liaison with the Bahamian police, keep U.S. citizens informed of threats from crime and hurricanes, maintain registration and warden systems, and work with Bahamian officials to improve aviation safety and airport security. Another important U.S. objective is to work with Bahamian officials to deter unlawful migrant smuggling and to maintain international standards of treatment for migrants held in detention or repatriated. Other important objectives include working with The Bahamas to eliminate barriers to foreign investment and trade and participate fully in the Free Trade Area of the Americas and the World Trade Organization.

Belize
(\$ in thousands)

Account	FY 2000 Actual	FY 2001 Estimate	FY 2002 Request
FMF	100	199	300
IMET	161	275	275
Peace Corps	1,277	1,351	1,502

National Interests:

The United States seeks to staunch the flow of illicit drugs through Belize and to make it a less attractive location for other criminal activity, such as money laundering, trafficking in stolen vehicles, and smuggling of artifacts and wildlife. Improving the administration of justice and making the police more effective will improve conditions for U.S. investors and traders and for the 110,000 U.S. citizens who visit Belize each year. The United States also has an interest in assisting Belize in protecting the 40% of its territory that consists of national parks and nature preserves, which shelter extensive rainforests and diverse wildlife, and its barrier coral reef, the second longest in the world.

Objectives & Justification:

Because of its proximity to the United States and its position linking vulnerable Central American and Caribbean states, Belize is an ideal transit point for illicit drugs headed for the United States. Easy access to the United States and Mexico makes Belize an attractive staging area for other international crimes as well. It is a market for vehicles stolen in the United States, a potential site for money laundering, and an origin point for smuggled wildlife and artifacts. Although there is no International Narcotics Control and Law Enforcement (INCLE) funding specifically for Belize, programs for Belize are funded out of the Latin American Regional Budget. INCLE programs provide training and assistance to disable drug organizations, improve the collection and dissemination of counternarcotics intelligence, increase interdiction of illicit drugs, and improve Belize's ability to deter and detect money laundering. INCLE funding also seeks to improve the professionalism and performance of police and prosecutors, provide technical support for the judicial system, and reduce the flow of stolen vehicles from the United States to Belize. The United States is the largest foreign investor in Belize and its biggest trading partner, and U.S. citizens account for the majority of Belize's tourists. Improvement of the police and the judicial system would make it safer and easier for American tourists and business.

In 2000, the United States and Belize signed a new extradition treaty, a mutual legal assistance treaty, and an overflight and landing protocol to an existing maritime counternarcotics cooperation agreement. The extradition treaty came into force early in 2001 and a stolen vehicles treaty is expected to come into force later in the year. These legal instruments should greatly enhance the ability of the United States and Belize to cooperate effectively to combat crime.

International Military Education and Training (IMET) and Foreign Military Financing (FMF) programs provide training and equipment to maintain a small but disciplined Belize Defence Force (BDF). BDF troops served with the CARICOM Battalion during peacekeeping

operations in Haiti, and participate in regional training exercises with U.S. and Caribbean forces. IMET training improves the professionalism and competence of the BDF, making it a more effective partner when operating with U.S. forces in joint exercises and enabling it to protect Belize's national parks, nature preserves, and barrier reef. Belize will be eligible in FY 2002 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act (FAA). The provision of excess defense articles promotes inter-operability and modernization of equipment.

Bolivia
(\$ in thousands)

Account	FY 2000 Actual	FY 2001 Estimate	FY 2002 Request
CSD	7,583	6,248	6,400
DA	25,388	26,071	25,080
ESF	0	1,993	10,000
FMF	0	0	2,000
IMET	548	650	700
INC	158,000	52,000	101,000
Peace Corps	2,865	3,080	3,122

National Interests:

The Andean region represents a significant challenge and opportunity for U.S. foreign policy, with important national interests at stake. None of the region's challenges --supporting democracy, fostering economic development, combating narcotics trafficking --can be addressed in isolation. Under the Andean Regional Initiative, in Bolivia the most urgent U.S. interest is to stop the illicit production of coca and the export of cocaine and other illicit products to the world market. The U.S. is encouraging Bolivia's transition to a free market economy as the most promising avenue to growth. U.S. firms have invested extensively in privatized industries and the U.S. seeks to increase exports to Bolivia. Bolivia's effective implementation of judicial reforms is critical to counter narcotics, investment, human rights and social stability efforts. Increasing and sustaining Bolivia's capabilities in peacekeeping is vital to ensuring that they continue in their role as peacekeepers in crises around the world. The preservation of Bolivia's biodiversity is vital to global environmental needs. Improving health conditions will alleviate the burden of poverty and decrease the pressure for emigration.

Objectives & Justification:

Bolivia, long considered one of the least democratic countries in the Andean region, has had an uninterrupted succession of elected governments since 1981. Market reforms and sound macroeconomic policies have resulted in steady if unspectacular growth, until recession in the region caught up with Bolivia in 2000. And although Bolivia has been the world's third largest producer of illicit coca, the government is on track to fulfill its commitment of eradicating all illicit coca by the time it leaves office in 2002. Assistance efforts are aimed at consolidating these gains while combating the poverty and corruption that threaten them in what is still the poorest country in South America.

Development Assistance (DA) funds will promote economic development by underwriting microenterprise programs and technical assistance to small business groups and agricultural cooperatives; promote democracy by helping to train judges, prosecutors and others to implement judicial reforms; support sustainable management of renewable natural resources; stabilize population growth by encouraging increased use of family planning services; and support other health sector initiatives. Child Survival and Disease (CS&D) will support AIDS prevention

and awareness, integrated health care, nutrition and vaccination programs for children, and decentralization of public health care services to the primary care level.

Half of the Economic Support Funds (ESF) will be used to strengthen civil society organizations and law schools, increasing the capacity of individuals to access the justice system and consolidating democratic values and practices. The other half of the ESF will be used for economic growth activities, such as financial services to the rural and urban poor. Bolivia is also a recipient of funds from the International Criminal Investigative Training and Assistance Program (ICITAP) for support of police training and judicial system reforms.

International Narcotics and Crime (INCLE) funds will support coca eradication, narcotics law enforcement programs and alternative development projects.

Foreign Military Financing (FMF) funds will be used to educate, train and equip the Bolivian security forces to increase their effectiveness both within their traditional national security role, which will help ensure regional stability, and in their multilateral role as international peacekeepers. Of these funds, \$1 million will be spent to increase Bolivia's peacekeeping capabilities and to ensure that they continue to remain engaged in peacekeeping operations around the world. Bolivia currently has forces deployed in Angola, Guatemala, Kuwait and the Western Sahara. The GOB has also committed a reinforced battalion to the UN's "standby" force.

International Military Education and Training (IMET) funds will provide professional military education to key Bolivian military personnel, principally through attendance at U.S. military command and staff colleges.

Bolivia will be eligible to receive Excess Defense Articles (EDA) on a grant basis under § 516 of the Foreign Assistance Act. Transfer of grant EDA to Bolivia will support our foreign policy goal of reducing the international supply of narcotics, by helping to equip units engaged in narcotics interdiction and coca eradication. It will help supply Bolivia's peacekeeping unit with NATO-compatible equipment, and enhance U.S. influence on the development of Bolivia's armed forces.

Brazil
(\$ in thousands)

Account	FY 2000 Actual	FY 2001 Estimate	FY 2002 Request
CSD	4,150	7,883	7,800
DA	8,491	7,500	3,380
IMET	223	250	440
INC	5,000	2,000	15,000

National Interests:

Our national interests in Brazil are: regional stability, control of crime, terrorism, and infectious disease, and economic prosperity. Brazil is playing an increasingly active role in the Western Hemisphere as it seeks to establish its own "South American space." This more activist approach provides opportunities for greater cooperation on issues of mutual concern including promotion of democratic values in the region. Brazil is the only country that borders on the three major coca producing countries in the hemisphere. As a result, it is an important transit country for illegal narcotics flows to the United States and Europe. Brazil's own recognition of the threat posed by narcotics trafficking prompts greater bilateral cooperation. The tri-border region of Brazil receives attention from U.S. counter-terrorism officials. U.S. and Brazilian officials work closely on control and eradication of infectious diseases through research programs in both countries.

As the largest economy in South America, Brazil's participation in the global economy, and particularly in the Free Trade Area of the Americas (FTAA) process, is critical to our own economic prosperity. The FTAA negotiations will help us advance our goals of encouraging the further opening of Brazil's market to U.S. products, promoting U.S. exports, coordinating policies encouraging fiscal stability and structural reform, and supporting GOB policies leading to broad-based economic growth.

Objectives & Justification:

Brazil's increased emphasis on containing spillover of crime and violence from Colombia has contributed to broader engagement with the United States on counternarcotics cooperation. While there is little likelihood at present that Brazil will become a major narcotics producer, it is a major transit country for illicit drugs shipped to the United States and Europe. Brazil's domestic drug abuse problem is second only to that of the United States in this hemisphere. United States counternarcotics assistance will be used to address narcotics use and trafficking in our countries through: 1) provision of equipment and training to improve the capability of Brazilian law enforcement agencies to combat trafficking; and 2) assisting drug education, awareness, and demand reduction programs. Greater emphasis will be placed on Brazil's efforts to strengthen control of its 1000 mile border with Colombia.

Politico-military cooperation continues to deepen between our countries. The Brazilian government recently combined separate Ministries of the Army, Air Force and Navy into a single Ministry of Defense that is, for the first time, under civilian control. The International Military

Education and Training (IMET) program allows us to share the long U.S. experience of civilian control of the military, promotes Brazil's ability to serve in international peacekeeping missions, and promotes interoperability of U.S. and Brazilian forces.

Due to its vast rain forests, Brazilian cooperation is key to a global environmental strategy. U.S. environmental assistance is aimed at reducing emissions of greenhouse gases associated with climate change and protecting biodiversity—actions with a global impact. Development Assistance funds programs discourage deforestation and promote energy policies that mitigate emissions of greenhouse gases associated with climate change. Fire prevention in the Amazon, also a priority, employs sophisticated satellite technology linked to several USG technical agencies. State and USAID work with non-governmental organizations, research institution partners, academic institutions, industry and government agencies to leverage our resources and to advance our environmental agenda.

Brazil's large population, location and widespread poverty make it a focal point for the spread of infectious disease. More than 50% of the AIDS cases reported in Latin America and the Caribbean are in Brazil. Brazil also has large numbers of street children, particularly in the Northeast. Child Survival and Disease funds go to non-governmental organizations working to combat the sexual transmission of HIV/AIDS among women, adolescents and low-income groups and to improve the quality of life of at-risk children and youth. Funded activities include the promotion of children's rights and the provision of vocational training, education and health services.

Brazil will be eligible to receive Excess Defense Articles (EDA) on a grant basis under § 516 of the Foreign Assistance Act (FAA). Provision of EDA to Brazil encourages enhanced interoperability of our military forces.

Chile
(\$ in thousands)

Account	FY 2000 Actual	FY 2001 Estimate	FY 2002 Request
FMF	0	0	1,000
IMET	499	550	570

National Interests:

U.S. national interests in Chile include promoting prosperity through enhanced bilateral and multilateral economic and commercial ties, e.g., the bilateral Free Trade Agreement and multilateral Free Trade Area of the Americas now being negotiated. They include the promotion of healthy, democratic institutions, including a reformed criminal justice system, and the furtherance of common viewpoints on a range of important regional and global issues. Our national interests are enhanced by supporting increased Chilean participation in international peacekeeping operations and interoperability of Chilean forces with U.S. and other peacekeeping forces.

Objectives & Justification:

The FY 2002 request for International Military Education and Training (IMET) funding will be used to bolster regional stability and democracy by contributing to GOC efforts to professionalize its armed forces and increase their interoperability with U.S. forces through the continuation of management training courses for NCOs, mid-level officers, and senior officers. Other training in equipment maintenance, logistics, and resources management also increase Chile's ability to maintain U.S. equipment in its inventory. We have sought increased interoperability as supporting Chilean participation in international peacekeeping operations and other regional exercises.

FY 2002 Foreign Military Financing (FMF) under the Conflict Prevention and Response program will provide needed equipment to Chile's armed forces participating in extant peacekeeping operations. Chile will be eligible in FY 2002 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act (FAA). EDA will be used to promote inter-operability and modernization of equipment.

Chile is not a center for the production or transportation of illegal drugs, though the picture may be evolving as producers look to Chile as a source of precursor chemicals and as a country through which to ship drugs en route to Europe and the U.S. Chile's proximity to producer countries such as Bolivia and Peru, its dynamic economy, and relatively well-developed banking system combine to make it vulnerable to money laundering. International Narcotics Control and Law Enforcement (INCLE) funds from a Western Hemisphere regional fund will be used to assist Chile in implementing effective money laundering and precursor chemical controls, and to enhanced its own narcotics investigation, interdiction and demand reduction capabilities. In addition, INCLE funds will provide modest amounts of training and support to Chile's two main law enforcement institutions, the Carabineros and the Investigations Police.

Colombia
(\$ in thousands)

Account	FY 2000 Actual	FY 2001 Estimate	FY 2002 Request
ESF	4,000	0	0
IMET	900	1,040	1,180
INC	894,429	48,000	399,000

National Interests:

The Andean region represents a significant challenge and opportunity for U.S. foreign policy, with important national interests at stake. None of the region's challenges--supporting democracy, providing humanitarian assistance to the neediest populations, fostering economic development, combating narcotics trafficking--can be addressed in isolation.

Under the overall programs and projects developed as an Andean Regional Initiative (ARI), the United States faces an unusually complex series of issues in Colombia and its neighbors. With 40 million people, Colombia is Latin America's third most populous country. It has long-standing, mutually reinforcing political, security, social and economic problems, exacerbated by the explosive growth of cocaine and heroin cultivation, with increasing involvement by guerrilla and paramilitary forces. No single explanation fully addresses the deep roots of Colombia's troubles, but they include limited government presence in large areas of the interior, the explosive expansion of illicit drugs cultivation, endemic violence and deep social inequities. The Colombian Government developed its Plan Colombia as a balanced strategy to respond to these issues.

U.S. goals for counternarcotics remain at the center of our relations with Colombia, which now supplies 90% of cocaine consumed in the U.S. and the bulk of heroin sold on the East Coast. However, the U.S. has other important interests, including regional stability, trade and investment, international law enforcement, support for a democratic government under siege, human rights, and the protection of U.S. citizens.

Objectives & Justification:

U.S. support for Colombia's strategy to address its challenges was demonstrated by the \$1.3 billion emergency supplemental approved in July 2000. Implementation of the projects supported by those funds has begun and in general is proceeding well.

Our proposed program for FY-02 builds upon this support and is complemented by new initiatives proposed for Colombia's neighbors. Drawing on \$399 million for INC funding, it continues to address underlying social issues with \$146.5 million for alternative development and institution building, along with \$252.5 million for narcotics interdiction and eradication programs. The alternative development and institution building programs include assistance to vulnerable groups and displaced persons, programs promoting the rule of law, local governance and human rights support.

Interdiction and eradication programs continue efforts in coca-rich southern Colombia, drug trafficking interdiction and support for the Colombian National Police (CNP). Programs will provide refresher training to the Colombian Army counternarcotics brigade, training and operational support for its Huey II and UH-60 helicopters as well as support CNP aviation modernization, upgrade aviation facilities and upgrade UH-1 helicopters to the Huey II configuration. It will also provide additional spray aircraft and logistical support for operations.

Colombia remains the world's leading producer of cocaine and is an important supplier of heroin to the U.S. market. Although Colombian authorities have increased coca and opium poppy eradication (currently operating the world's largest such program), net coca cultivation increased in 2000, especially in southern Colombia, to 136,200 hectares (336,414 acres). Although disappointing, this increase is the smallest reported in 5 years and does not factor in the more than 25,000 hectares that were aerial sprayed at the end of 2000 and in early 2001. It provides hope that the explosive growth in coca cultivation that has ravaged Colombia in recent years is finally peaking. Colombian Government goals are to reduce coca cultivation from 2000 by 30% at the end of 2002 and continued U.S. support will assist the GOC to reach this goal.

Colombia's status as Latin America's oldest formal democracy has become increasingly vulnerable to the activity of guerrilla, paramilitary, and narcotics-trafficking groups, and recognized institutional shortcomings. Programs promoting democratic and human rights norms are based on fundamental U.S. values and intended to assist Colombia's reform efforts and achieve greater political stability in the hemisphere. In Colombia, the U.S. has an extra interest in helping fortify democratic institutions, which are our indispensable allies in the fight against illegal drugs. In addition, humanitarian assistance to internally displaced persons meets our long-term objective of stabilizing the region and providing alternative development options.

The small but significant IMET program is compliments our ARI objectives in Colombia. IMET assistance provides training for the Colombian military, including a strong emphasis on human rights, the observance of which is central to our support for counternarcotics operations by the military and police..

Colombia will be eligible in FY 2002 to receive Excess Defense Articles (EDA) on a grant basis under § 516 of the Foreign Assistance Act (FAA). Transfer of grant EDA to Colombia continues our primary foreign policy objectives of fighting drugs and supporting the ongoing peace negotiations between the Government of Colombia and the insurgents. In addition, receipt of grant EDA will enable Colombian security forces to improve protection of human rights and create a climate of stability conducive to trade, investment and economic development.

Colombia's continuing post-1990 economic liberalization opened new opportunities for U.S. trade and investment. Expansion of U.S. exports to Colombia, including investment-led exports, means more and better-paid U.S. jobs at home. Colombia historically has been a top Latin American export market for U.S. business. Bilateral relations between the U.S. and Colombia have improved significantly under President Pastrana, including the full certification of Colombia's anti-drug cooperation and a restoration of Colombia's access to the EX-IM Bank, OPIC, and TDA programs. The U.S. is seeking to increase the current percentage of the U.S. share of Colombia's import market and the embassy is an active advocate of American business.

Costa Rica
(\$ in thousands)

Account	FY 2000 Actual	FY 2001 Estimate	FY 2002 Request
IMET	280	200	350
Peace Corps	501	335	0

National Interests:

Costa Rica remains among the most stable nations in our hemisphere. Exerting international influence in greater proportion than the country's size would suggest, the GOCR has for decades proven itself a strong ally in promoting economic development, integration, human rights, and regional stability. Costa Rica has become a staunch U.S. partner in the fight against international crime, greatly expanding and complementing our law enforcement efforts in the region. Our primary national interests in Costa Rica continue to be the promotion of trade and a vibrant, diverse economy; increased counternarcotics cooperation; and support for sustainable development and sound environmental management -- another area in which Costa Rica has been a regional leader.

Objectives & Justification:

As a relatively prosperous nation with a strong, diverse economy, Costa Rica benefits from fewer direct U.S. aid programs than most of its regional neighbors. Nevertheless, because of its peaceful history and its democratic traditions, the assistance we provide to Costa Rica is a sound investment. Although Costa Rica maintains no traditional military, our International Military Education and Training (IMET) program is vital to promoting the U.S. goal of ensuring peace and regional security. The FY 2002 IMET request for \$350,000 will continue training to further professionalize law enforcement officers and coast guard personnel through courses such as patrol craft commander training, rule of law and discipline in military operations. Likewise, as the GOCR assumes an increasingly sophisticated counternarcotics role and begins to address trafficking in and sexual exploitation of children, IMET training provides access to modern, state-of-the-art law enforcement training.

The GOCR recognizes the threat it faces from narco-trafficking and has become one of our most important counterdrug allies in the region. Costa Rica receives no direct, bilateral U.S. International Narcotics Control (INC) funds. We use INC funds from regional allotments, however, to support Costa Rica's expanding indigenously-funded programs, which serve to amplify and reinforce our own hemispheric law enforcement efforts. These funds finance a variety of initiatives aimed at strengthening local law enforcement officials' capacity and at giving them the tools to do their job. In 1999 Costa Rica became the first country in Central America to sign a Bilateral Maritime Counternarcotics Agreement with the U.S.

Costa Rica will be eligible in FY 2002 to receive Excess Defense Articles (EDA) on a grant basis under § 516 of the Foreign Assistance Act (FAA). Transfer of grant EDA to Costa Rica is consistent with U.S. efforts to reduce the drug flow and promote regional stability in Central America. Most EDA will be used to enhance counternarcotics capabilities, including

communications equipment and air and ocean assets. Although Costa Rica is not designated as a major drug-transiting country, narcotics trafficking is a growing concern. Costa Rica's political stability and commitment to democracy are unique in Latin America. Internal security is maintained by local police and lightly armed security forces under the Ministry of Public Security. (Costa Rica abolished its military in 1948.) The transfer of EDA demonstrates USG support of Costa Rica's democracy and encourages interoperability and the modernization of equipment.

Cuba
(\$ in thousands)

Account	FY 2000 Actual	FY 2001 Estimate	FY 2002 Request
ESF	3,500	4,982	5,000

National Interests:

The United States national interests in Cuba are fostering an open economy, democracy, and respect for human rights; protecting American citizens and controlling U.S. borders by ensuring safe, legal and orderly migration from Cuba.

Objectives & Justification:

In FY 2001, Economic Support Funds (ESF) for public diplomacy promote democratization, respect for human rights, and development of a free market economy in Cuba, as well as protecting United States citizens and helping control U.S. borders. In FY 2002, ESF funding continues work in the following areas.

A breakdown of order in a post-Castro Cuba could threaten the United States with massive, uncontrolled illegal immigration, leaving us with difficult options to control U.S. borders. Our primary focus is to determine the views of Cubans and make them more receptive to reforming an inherently unstable system that remains dependent on a single person, Fidel Castro.

The use of public diplomacy to increase information about U.S. policies and the success of market economies around the world is geared to encourage aspirations for a democratic political system and a free market economy.

Our support for democracy efforts serves the U.S. interest in orderly migration and regional stability. Eventual progress by the Cuban regime toward preparing for an orderly and peaceful transition to democracy and a market economic system would reduce substantially the pressures for illegal migration to the United States. In support of democracy and civil society, our ESF provides grants to U.S. universities and NGOs in order to:

- provide a voice to Cuba's independent journalists;
- build solidarity with Cuba's human rights activists;
- help develop independent Cuban NGOs;
- provide direct outreach to the Cuban people; and
- further planning for future assistance to a transition government in Cuba.

Dominican Republic
(\$ in thousands)

Account	FY 2000 Actual	FY 2001 Estimate	FY 2002 Request
CSD	3,300	6,385	6,500
DA	6,800	9,490	7,282
ESF	3,000	3,488	2,000
FMF	400	647	220
IMET	487	450	500
Peace Corps	3,501	3,387	3,407

National Interests:

The principal U.S. interests in the Dominican Republic are strengthening democracy, protecting the interests of American citizens in that country while deterring illegal immigration, fighting international crime and drug trafficking and promoting U.S. exports.

Objectives & Justification:

The U.S. will use Economic Support Funds (ESF) and Development Assistance (DA) to strengthen democratic institutions and help maintain economic growth in the Dominican Republic. These accounts will be used to improve the administration of justice, combat corruption and improve basic education and competitiveness. Technical assistance and training will be provided (1) to support improvement in the administration of courts and prosecutors' offices; (2) to support prosecutors in criminal case management and prosecution; (3) to support strengthening of the Inspector of Tribunals and the Public Ministry's Anti-Corruption Unit; (4) to support civil society advocacy for justice reform programs; (5) and to support strengthening the Public Defender system. The programs will further the National Competitive Strategy which helps integrate production and marketing of small and micro-enterprises.

Child Survival and Disease (CSD) funds will be used to help address the causes of especially rural poverty and toward building a more competitive and equitable society. Programs will focus on improving basic health services, including providing access to HIV/AIDS prevention and care programs. Attaining this goal will reduce incentives for illegal immigration and Dominican participation in drug trafficking and other international criminal activities, while helping to make the Dominican Republic a more attractive environment for American investors and tourists.

International Military Training (IMET) funds will be used primarily to provide professional training designed to increase awareness on the part of the Dominican security forces of their role and responsibility for ensuring that human rights are respected while strengthening the rule of law. Foreign Military Financing (FMF) funds will be used to support coastal patrol boats used in the counter-drug operations and illegal migrant interdiction efforts. FMF also will be used to provide tactical communications that will facilitate coordination of the military's natural disaster response efforts.

The Dominican Republic will be eligible to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act (FAA). Transfer of EDA to the Dominican Republic will contribute to U.S. interests by increasing indigenous capabilities to respond to natural disasters and provide humanitarian relief, reducing the need for direct U.S. assistance in the wake of future emergencies. EDA will also strengthen the capability of the Dominican armed forces for counternarcotics missions.

Eastern Caribbean
(\$ in thousands)

Account	FY 2000 Actual	FY 2001 Estimate	FY 2002 Request
ESF	7,000	6,975	11,000
FMF	1,300	1,542	2,130
IMET	487	560	675
Peace Corps	2,289	2,243	2,063

National Interests:

The Caribbean has been aptly described as the United States' "third border." The seven countries of the Eastern Caribbean – Antigua and Barbuda, Barbados, Dominica, Grenada, St. Kitts and Nevis, St. Lucia, and St. Vincent and the Grenadines – represent an important line of defense for the U.S. against narcotics trafficking, alien smuggling, financial crime, and other transnational criminal activity against the U.S. and its gateways of Puerto Rico and the Virgin Islands. In addition to offering less fertile ground for drug traffickers, money-launderers and other international criminal elements, U.S. support for the region will generate expanded markets for U.S. goods, ensure safe and secure destinations for U.S. tourists and investments, ensure respect for the rule of law, safeguard important global resources, retard the transmission of HIV/AIDs, and strengthen respect for democratic values. It is in the interest of the U.S. to promote Caribbean regional security and economic prosperity. Instability and economic malaise in the Caribbean would have a direct impact on the U.S. – heightening the vulnerability of Caribbean nations to use as bases of operation for unlawful activities directed toward the U.S., particularly drug-trafficking and financial crime and increasing the level of illegal immigration to the U.S. from these countries.

Objectives & Justification:

Instability in the Caribbean inevitably affects the U.S. In recent times it has necessitated the involvement of U.S. military forces in Haiti and Grenada. A major goal of the U.S. is to continue strengthening the Caribbean Regional Security System (RSS), comprised of the seven eastern Caribbean states, and the ability of regional national security forces to deal with the threats posed by drug trafficking, financial crime, illegal trafficking in arms, alien smuggling, natural disasters, and social or political unrest. Foreign Military Financing (FMF) will be focused on preventive maintenance and used to sustain the region's maritime and ground services' operational capabilities and readiness for counter drug operations, illegal migrant interdiction, search-and-rescue and disaster relief efforts. International Military Education and Training (IMET) funding will be used for professional military education, civil-military relations and technical training. This will serve to help make the RSS an effective partner in maintaining stability and will increase its capacity to respond to drug trafficking and other challenges.

The seven countries of the Eastern Caribbean will be eligible to receive Excess Defense Articles (EDA) on a grant basis under § 516 of the Foreign Assistance Act (FAA). The EDA will be used to promote inter-operability and modernization of equipment. The provision of EDA will strengthen the Caribbean Regional Security System (RSS) and enhance the ability of eastern

Caribbean security forces to deal with the problems posed by drug trafficking, financial crime, alien smuggling, environmental violations and natural disasters.

Economic Support Funds (ESF) will be utilized by USAID to implement a regional strategy that addresses several areas of vulnerability in the region. Prosperous and diversified economies form a bulwark against political instability, social unrest and the threat posed by international crime. The lack of diversification in most of these economies, which were historically dependent on agriculture, has caused high chronic unemployment which in turn leads to illegal immigration and local vulnerability to crime. A portion of the ESF funds will be used to increase employment and diversification in non-traditional industries by expanding domestic and export markets, reducing barriers to trade and investment, and improving technical and business services for small entrepreneurs. Severe and increasing stress on the islands' fragile eco-systems represents a different kind of vulnerability for the economies of the region by threatening productive habitats and resources and multiplying waste disposal and human health problems. Some of the ESF funds will be used to support sustainable economic growth through public-private partnerships to promote best environmental practices, policy reform, and maximum private sector support and financing. The rule of law is an important underpinning of a thriving economy. A well-functioning legal system, capable of resolving disputes and dispensing justice against criminals in an efficient and timely manner is critical to the enforcement of the rule of law. ESF funds will be used to modernize Eastern Caribbean judicial systems which suffer from archaic management systems, lack of automated court reporting facility and mounting case backlogs as a result of many years of deferred maintenance. Part of the ESF funds will also be directed at reducing the transmission of HIV/AIDs in the region through mass and interpersonal communications strategies and policy and legislative reforms. Democratic progress in Suriname will be strengthened by the application of some ESF funds to increasing the effectiveness of political parties in that country.

Regional stability and economic prosperity are essential elements in the Eastern Caribbean's attraction as a tourist destination for Americans and the presence of significant numbers of American citizen residents. Over 300,000 U.S. citizens visit the islands of the Eastern Caribbean annually and over 3,000 Americans reside in the region. The sheer number of Americans living, traveling and studying in the area has linked the Eastern Caribbean closely to the U.S., and the magnitude of the American citizen presence makes it even more important to encourage regional law enforcement, judicial institutions and economic development. The U.S. in turn has become a preferred destination of Eastern Caribbean citizens for tourism, work and education, and the degree of regional stability and prosperity affects the nature of this movement to the U.S. The safety of U.S. citizens is a priority. U.S. officials in Bridgetown and Grenada maintain close contact with the local police, national security, judicial, aviation, and tourism officials; keep U.S. citizens informed of safety and security concerns; maintain registration and warden systems; and monitor the welfare of U.S. citizens imprisoned on the islands.

Ecuador
(\$ in thousands)

Account	FY 2000 Actual	FY 2001 Estimate	FY 2002 Request
CSD	550	0	0
DA	11,720	8,559	6,480
ESF	1,500	5,481	30,000
FMF	0	0	1,000
IMET	518	550	625
INC	21,200	2,200	39,000
NADR-HD	1,000	963	250
Peace Corps	2,358	2,736	2,769

National Interests:

The Andean region represents a significant challenge and opportunity for U.S. foreign policy, with important national interests at stake. Those challenges will not be addressed in isolation, but under the Andean Regional Initiative. U.S. interests in Ecuador, as in other parts of the Andean region, include the strengthening of democratic institutions, stabilization and development of the economy, interdicting and disrupting narcotics trafficking, promoting human rights, reducing poverty, encouraging sound environmental policies and sustaining growth. The U.S. actively seeks to preserve democracy and its processes by addressing the economic and financial shortcomings that have led to the destabilization of Ecuador's democratic institutions.

Objectives & Justification:

Ecuador is a firm partner in the war against drugs. The United States, through the International Narcotics Control and Law Enforcement (INCLE) program, works actively with GOE authorities to combat drug transit, shipment of precursor chemicals, and money laundering. GOE authorities have remained strongly motivated, but drug traffickers are increasing their activity in Ecuador. In FY 2002, \$39.0 million in INCLE funds will provide resources to bolster the professionalism and institutional capacity of the national police in their fight against trafficking, particularly in Ecuador's troublesome northern border region. These funds also will be used to improve military logistics and infrastructure to improve security along the northern border, and to promote alternative development.

In October 1998, Ecuador and Peru ended their 150-year old border dispute, which led to war twice in the last 20 years. The United States has assisted in demarcating and demining the formerly disputed area through the use of Nonproliferation, Anti-terrorism, Demining and Related programs (NADR) funds. Ecuador humanitarian demining has progressed at a significantly improved pace over the last year and is expected to accelerate even more as a U.S.-sponsored pilot program takes hold.

In the long-term, the United States will help implement the Ecuador-Peru peace by contributing Economic Support Funds (ESF) to help implement the border integration portion of the peace settlement. Attention is shifting to Ecuador's troubled northern border region, where

most of the \$30 million in ESF requested for 2002 will be used to develop economic opportunities in support of GOE efforts to solidify regional stability.

Ecuador has taken halting steps to reform its economy. Combined with a surge in the price of oil, one of its major exports, these reforms helped Ecuador return to economic growth in 2000, after the country experienced an economic contraction of roughly 7% in 1999. Ecuador nonetheless remains a poor country. FY 2002 Developmental Assistance (DA) funds will provide microfinance assistance to many of Ecuador's 1.3 million entrepreneurs in the informal sector. DA programs also promote sustainable use and responsible stewardship of Ecuador's unique biodiversity. Ecuador enjoys the highest biodiversity per hectare of any South American country. In light of recent threats to the Galapagos, the United States takes special interest in protecting those islands, a UNESCO World Heritage Site.

In FY 2002, Ecuador will receive FMF funds to aid in preventing instability due to the effects of Plan Colombia. Although Ecuador led the Latin American shift from military to elected civilian rule in 1979, the country's democratic institutions remain weak, evidenced by the ouster of democratically elected President Mahuad in January 2000. To strengthen democratic institutions and military professionalism, the United States contributes International Military Educational and Training (IMET) funds. FY 2002 IMET funds will provide military and civilian defense training that reinforces the principles of civilian rule. In addition, portions of DA, IMET, and ESF funds go towards programs that focus on improving judicial integrity and good governance.

Ecuador will be eligible to receive Excess Defense Articles (EDA) on a grant basis under § 516 of the Foreign Assistance Act (FAA). Transfer of grant EDA to Ecuador will support our foreign policy goal of maintaining Ecuadorian democracy by undergirding the military services whose roles to support the elected government and protect the country's northern borders that are increasingly being violated by narco-traffickers and insurgents in Colombia. EDA will strengthen Ecuador's military by providing badly needed resources and equipment in the country's ongoing economic crisis. Provision of EDA will also show our commitment to Ecuador through support of its regional counter-narcotics efforts.

El Salvador
(\$ in thousands)

Account	FY 2000 Actual	FY 2001 Estimate	FY 2002 Request
CSD	10,495	9,757	9,700
DA	19,508	24,370	19,403
ESF	4,950	4,982	21,000
FMF	0	0	3,500
IMET	523	525	800
Peace Corps	2,004	2,233	2,355

National Interests:

The principal U.S. interests in El Salvador are supporting democracy, fighting international crime and illegal drugs, encouraging economic development, protecting our borders by deterring illegal immigration, and promoting U.S. exports. The benefits of this policy are internal and regional stability, fewer criminal threats to the U.S., reduced illegal immigration, and increased trade. In addition, El Salvador is a regional model for economic, military, and institutional reform, and a leader in Central American integration. The country is thus a showcase for the success of over two decades of U.S. policy in the region. El Salvador continues to be a close ally. Last year, we reached an agreement to establish a forward operating location in El Salvador to fight drug trafficking, we laid the groundwork for an anti-drug maritime agreement, and talks on a new extradition treaty are well-advanced. U.S. interest in the region is served by maintaining the credibility of the Salvadoran model through our support, especially in light of the need to rebuild the economy following the recent earthquakes.

Objectives & Justification:

The U.S. will use Development Assistance (DA) and Economic Support Funds (ESF) to help El Salvador recover from the devastating earthquakes of January/February, 2001. The total cost of reconstruction from this calamity, which was worse for El Salvador than either Hurricane Mitch or the 1986 earthquake, is estimated at between \$1.6 billion and \$2 billion. Resources previously programmed for other purposes will need to be redirected to the remediation of the effects of the disaster, with primary focus on replacement of destroyed/damaged housing. Remaining resources will be used to strengthen democratic institutions by improving revenue collection and management and helping local officials be more responsive to constituents; bolster the capabilities of the legislative and executive branches of government; broaden political participation; and promote judicial reform.

Because widespread violent crime represents the greatest threat to democracy and stability, and because the capabilities of the police have been compromised by damage to communications and other infrastructure resulting from the earthquakes, programs funded by International Narcotic Control and Law Enforcement (INCLE) will emphasize reconstruction of police facilities. In addition to supporting communications systems, including the 911 network, funding for the International Criminal Investigative Training Program (ICITAP) will focus on consolidation of police management systems, enhancement of internal affairs and investigative

functions, and U.S.-style community policing strategies. INL will continue to provide police training and technical support specifically related to counter narcotics as well as technical support to combat money laundering.

Broad based economic development in El Salvador, which has been set back considerably by the recent disaster, will improve prospects for U.S. exports and help reduce the pressures driving illegal immigration. Development Assistance (DA) programs will help replace housing, encourage economic development and restore incomes, especially among the rural poor, by supporting microcredit programs, improved rural education, infrastructure replacement and improvement, and modernized land management. The U.S. is working closely with El Salvador in its post-quake reconstruction activities, mainly on long-term shelter, disaster mitigation, economic reactivation, and community infrastructure. CSD funds will be targeted at rural areas and used to improve access to potable water, as well as reducing reproductive health problems and earthquake-related diseases through improved medical care. In direct support of open markets, U.S. exports, and global economic growth, ESF will be used to provide technical assistance for energy market deregulation.

International Military Education and Training (IMET) funds will be used for professional training programs that will sustain the thoroughgoing reform of the Salvadoran military (ESAF) and consequent improvements in the democratic climate and regional stability seen in recent years. Foreign Military Financing (FMF) resources, denied to ESAF in recent years, will be restored, principally to help the military enhance its disaster preparedness capabilities and support its important role in the earthquake reconstruction process.

El Salvador will be eligible to receive FY2002 Excess Defense Articles (EDA) on a grant basis under § 516 of the Foreign Assistance Act (FAA). Transfer of EDA to El Salvador will contribute to U.S. interests by reducing the burden placed on the U.S. in responding to natural disasters and providing humanitarian assistance. EDA will be used to foster defense cooperation enabling the Salvadoran military to respond more effectively to contingencies such as 1998's Hurricane Mitch and the January/February, 2001 earthquakes. EDA will also increase the ability of the Salvadoran armed forces to support efforts to fight drug trafficking and will assist efforts to help the Salvadorans shift from combat-oriented units to units that can support peacekeeping operations.

El Salvador will receive \$3.5 million in Foreign Military Financing (FMF) funds. Of these funds, \$1 million will be dedicated to upgrading infrastructure to support a number of EDA naval vessels being transferred to El Salvador to upgrade counter narcotics interdiction capabilities. The remaining \$2.5 million will be used for spare parts to help restore the Salvadoran helicopter fleet to mission readiness following the extreme strain on equipment incurred in responding to the recent earthquakes.

Guatemala
(\$ in thousands)

Account	FY 2000 Actual	FY 2001 Estimate	FY 2002 Request
CSD	7,810	7,755	8,500
DA	13,150	17,297	16,210
ESF	20,000	13,951	10,000
IMET	228	250	350
INC	3,000	3,000	4,000
Peace Corps	3,334	3,801	3,835

National Interests:

Promotion of a stable, peaceful, democratic, and prosperous Guatemala -- the most populous country with the largest economy in Central America -- is a key U.S. policy objective and supports national interests. As Guatemala continues implementing the 1996 peace accords that ended 36 years of internal conflict, it is facing fresh challenges to political stability, economic growth, and long-term prospects for peace consolidation. Those challenges could unravel progress on peace implementation and undermine U.S. investments in the peace process (over \$280 million since 1997). For that reason, sustained U.S. support for peace implementation will be even more critical in 2002.

The Guatemalan government has stated its commitment to peace implementation, strengthening democracy, and upholding human rights. U.S. support for these objectives, combined with assistance for programs to strengthen the rule of law and promote economic prosperity in Guatemala, will enhance stability. This will improve our ability to combat international criminal activities, such as narcotics trafficking and illegal immigration, that have a direct impact on U.S. national security.

As Guatemala's key trade partner, the U.S. also has an important interest in encouraging the government to maintain an open trade system and to institute reforms to promote a healthy investment climate. This will help attract profitable U.S. investment; a sound economy also will provide a robust market for U.S. exports. Protecting and assisting the considerable number of resident and tourist American citizens in Guatemala is another important interest, and is supported by U.S. assistance to improve Guatemalan law enforcement and administration of justice programs.

Objectives & Justification:

Support for peace implementation is a cornerstone of current U.S. policy towards Guatemala. Peace consolidation will create positive socio-economic changes that will help maintain stability, foster greater political legitimacy, and promote broad-based economic growth. FY 2002 Economic Support Funds (ESF), Development Assistance (DA), P.L. 480 Food Aid, and Child Survival and Disease (CSD) funds will help support the GoG's attempts to consolidate peace implementation by promoting national reconciliation, human capacity development, productive activities, and modernization of the state (e.g., justice system, tax administration,

congress, local governments). The funds will support democratic development programs, improved access and quality of education services, improved health for rural women and children, increased rural incomes and food security, and sustainable natural resource development.

DA and ESF funds will leverage our ability to push the government to maintain open trade ties and to make the necessary structural reforms to encourage profitable U.S. investment. International Military Education and Training (IMET) will support the ongoing transition to civilian control of the armed forces and promote further military professionalization, both key peace accord objectives. Under the Expanded IMET (E-IMET) program, these funds will provide courses to military officers and civilians that promote civilian control of the military, instill respect for human rights, improve the military justice system, and enhance management of defense resources. Guatemala also will be eligible in FY 2002 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act (FAA). EDA will be used to assist the armed forces in promoting the peace process as well as to enhance interoperability and modernization efforts.

Guatemala's strategic location makes it a significant transit point for narcotics flows destined for the United States. FY 2002 International Narcotics Control and Law Enforcement funds (INCLE) will support U.S.-Guatemalan counternarcotics cooperation, and ICITAP programs will strengthen the country's law enforcement capacity. ESF-funded programs to enhance administration of justice will help the government enforce laws related to protection of intellectual property, worker rights, and other human rights.

INCLE funds will improve counternarcotics and law enforcement capabilities by providing training and equipment for an expanded civilian Department of Anti-Drug Operations that is responsible for interdiction and eradication, assisting in modernizing the judiciary, and supporting updated anti-drug and money laundering legislation.

INCLE funds also will expand the activities of narcotics prosecutors and the new narcotics investigation squad, continue information coordination operations, enhance public awareness of the damage inflicted by drug abuse and trafficking, and complete the establishment of port security projects. Such measures will help reduce the flow of cocaine and other illegal drugs to the U.S., and deter other criminal activity. Additionally, improved law enforcement and administration of justice will contribute to protection of American citizens in Guatemala from growing criminal and other public security threats, and will create a climate conducive to building democratic institutions.

Guyana
(\$ in thousands)

Account	FY 2000 Actual	FY 2001 Estimate	FY 2002 Request
CSD	200	798	1,000
DA	3,200	3,800	3,200
FMF	100	124	600
IMET	168	195	275
Peace Corps	802	815	939

National Interests:

U.S. national interests are served by strengthening democratic institutions in Guyana to promote internal stability. U.S. national interests in developing markets for exports and encouraging U.S. investment in Guyana are promoted by supporting economic reforms and broad-based economic growth in Guyana. As Guyana is increasingly a transit country for narcotics, U.S. interests are also served by assisting Guyana in strengthening its counternarcotics programs. U.S. interests in strengthening international health capabilities, especially with respect to HIV/AIDS, are also served by programs in Guyana.

Objectives & Justification:

The U.S. continues efforts to bolster democratic institutions in Guyana. Political and racial unrest following the 1997 elections directly threatened such institutions. Although progress has been made, additional strengthening and deepening is essential to the long-term development of Guyana. Many of USAID's development assistance (DA) programs focus on strengthening democratic processes and institutions. In FY 2002, DA funds will be used to support further constitutional reform efforts, strengthen civil society, encourage the growing participation of women in government and build sustained institutional capacity to conduct free and fair elections.

The Guyana Defense Force (GDF) is the smallest military in South America/Caribbean. Due to severe budgetary constraints, it remains inadequately funded. However, progress has been made on a wide range of military engagement activities. The GDF hosted the ground phase of Tradewinds 99, the annual training exercise sponsored by SOUTHCOM for CARICOM countries. FY 2002 Foreign Military Financing (FMF) funds will support acquisition and sustainment costs of two 44 ft. motor life boats through the EDA program as well as their base infrastructure and communications equipment. Guyana is eligible in FY 2002 to receive Excess Defense Articles (EDA) on a grant basis. EDA will promote inter-operability and modernization of equipment.

The International Military Education and Training (IMET) programs support efforts to further professionalize the military and to strengthen regional stability.

Guyana's economic development and political stability are closely linked. The economy experienced a downturn in 1998, posting a negative growth rate of almost 2 percent. Growth in 1999 was a modest 3 percent and the estimate for 2000 is only 0.5 percent. Guyana is one of the

poorest countries in the hemisphere with a per capita income of about \$800. In 1999 Guyana qualified for debt relief under the initial stage of the Heavily Indebted Poor Countries (HIPC) initiative, but is having problems satisfying conditions for greater debt reduction under enhanced HIPC. USAID's DA funds provide support to expand economic opportunities for the rural and urban poor. These programs also strengthen the GOG's capacity to execute sound macro-economic programs. They also seek to strengthen the ability of private sector organizations to influence public policy. The Embassy actively works on promoting American investment in Guyana. While markets and investment opportunities are limited, the slow opening of Guyanese markets will create small niches for U.S. exports. Guyana has the second highest HIV prevalence rate in the Latin American/Caribbean region. USAID has responded with HIV/AIDS awareness and prevention programs.

Guyana is increasingly a transit point for narcotics destined for the U.S. and Europe. A small USG narcotics control program is funded through the Bureau of International Narcotics and Law Enforcement's (INL) regional funds. The program's emphasis is on training to aid Guyana's underequipped and inexperienced counternarcotics agencies. The Embassy is assisting the GOG in drafting counternarcotics legislation and has pressed for the passage of money laundering, asset forfeiture, and other modern anti-crime statutes. The Mission is also pressing the GOG regarding alien smuggling. DA programs to strengthen the rule of law and increase the effectiveness of the judicial system reinforce other law enforcement programs.

Haiti
(\$ in thousands)

Account	FY 2000 Actual	FY 2001 Estimate	FY 2002 Request
ESF	52,550	46,835	35,000
FMF	300	448	600
IMET	222	0	0
Peace Corps	1,367	1,340	1,431
PKO	3,800	1,721	0

National Interests:

Haiti is classified by the World Bank as a low income country, one of only two such countries in the Western Hemisphere. With a per capita GDP of \$460, negative real GDP growth over the decade from 1990-99, and two-thirds of the population living in poverty, Haiti's short- and medium-term economic prospects are grim. This fact alone is enough to send thousands of undocumented migrants headed toward U.S. shores annually, often in boats totally unsuited to crossing 600 miles of shark-populated open sea.

A U.S. bilateral assistance program directly supports U.S. national interests by promoting democratic and economic development in Haiti. Reducing poverty directly addresses conditions that contribute to illegal emigration to the United States. Strengthening Haitian government ability to stop the use of its territory for shipping illegal narcotics to the United States responds to a key U.S. policy concern, both domestically and internationally. Improving the capabilities of the Haitian government and civil society under this program furthers the substantial U.S. efforts since the 1994 intervention to end definitively Haiti's long history of undemocratic and repressive rule.

Objectives & Justification:

U.S. engagement in Haiti is transitioning from the crisis-driven activism of the 1990's to a more normal and long-term approach aimed at building an evolving inclusive democracy. It seeks to tackle first the worst effects of poverty: high fertility, poor education, malnutrition, and environmental degradation. It also looks to strengthen Haiti's still vulnerable democratic infrastructure by emphasizing activities supportive of the rule of law, good governance, professional policing and the development of local government and civil society.

Haiti is a complex development challenge, with a history of political instability and repression, widespread poverty, illiteracy, and weak government institutions. As the World Bank's Study on Haitian Poverty indicates, 65 percent of Haiti's people live in rural areas and two-thirds of them live below the absolute poverty line -- i.e. they are unable to meet minimum daily caloric requirements. A significant segment of Haiti's population lives at a level of economic vulnerability seen only in war-torn countries. ESF in FY 2002 will be targeted to programs generating sustainable increased income for the poor, improved human capacity, encouraging healthier families of desired size, and slowing environmental degradation, particularly in rural areas.

Haiti's progress toward institutionalizing the democratic goals set forth in the 1987 Haitian Constitution remains incomplete. The military was disbanded and replaced by a completely new civilian police force. Civil society is increasingly active and vocal over public priorities and concerns, and is putting increased pressure on the government to "transform the state" through decentralization. Although there is a fledging democratic framework in Haiti, the process of institutionalizing good governance remains tenuous and in need of continued outside support.

FY 2001 legislative restrictions on assistance to the central government of Haiti curtailed planned ESF assistance for the U.S. Department of Justice's International Criminal Investigative Training Assistance Program (ICITAP), which supported the Haitian National Police (HNP) through training and technical assistance programs. Planned support to the HNP and its Coast Guard, through IMET and FMF monies, has also been curtailed because of the legislative restrictions on assistance to the central government of Haiti. FY 2002 legislation may permit resumption of FMF assistance to the HNP, and its Coast Guard in particular, mostly to enhance counternarcotics capabilities.

Haiti may also be eligible in FY 2002 to receive Excess Defense Articles (EDA) on a grant basis under § 516 of the Foreign Assistance Act (FAA). Transfer of grant EDA will promote our long-standing interests in strengthening democracy and reducing the flow of illegal narcotics and undocumented aliens. Receipt of EDA, such as boats for the Haitian Coast Guard, will increase Haiti's capacity to patrol its coastline to interdict drug traffickers and alien smugglers.

Honduras
(\$ in thousands)

Account	FY 2000 Actual	FY 2001 Estimate	FY 2002 Request
CSD	7,400	8,436	8,800
DA	12,633	16,169	16,530
ESF	0	996	1,000
IMET	548	525	625
Peace Corps	4,075	3,853	3,816

National Interests:

The devastation of Hurricane Mitch in late 1998 was so severe in Honduras that it threatened the country's recent economic and social gains. Only a massive infusion of U.S. and international assistance prevented widespread starvation and disease that could have resulted from the hurricane's damage. The U.S. continues to lead an international effort to rebuild Honduras and to address some of the chronic problems that plague the country. These include weak democratic institutions; limited modern infrastructure, weak social, public security and judicial systems; chronic housing shortages; and slow economic reforms. Addressing these problems supports U.S. national interests by providing market and investment opportunities for U.S. businesses; promoting employment (and thereby discouraging illegal immigration); strengthening democratic institutions, the rule of law, and social systems; providing greater legal protection and security for U.S. citizens and firms; deterring narcotics trafficking and other criminal activity; and ensuring regional stability.

Objectives & Justification:

The primary objective of U.S. assistance to Honduras is to ensure a continuation of the social and economic reforms that were in progress when Hurricane Mitch devastated the country in late October 1998. To date, President Flores, with substantial assistance from the United States and other donors, has followed through on his pledge to rebuild a better Honduras than that which existed before the hurricane. In addition to significant progress on infrastructure repairs and re-establishing basic services such as water, sanitation and health care to many communities, President Flores has continued with the country's democratic and economic reforms, especially in the civil-military structural relationship and the judicial sector. In addition, management of the country's four international airports was successfully contracted to an international consortium. However, progress has slowed in 2000. The first attempt to privatize part of the state-owned telephone company failed, and several key reforms appear to be stalled in the Honduran Congress.

Reconstruction of infrastructure by the GOH, local organizations, and international donors has been more successful than the larger transformation of Honduras, but additional progress is needed. Eighty percent of roads and 50 percent of bridges have been repaired. About 18,000 houses have been built with improved construction in safer locations, but more than 33,000 were destroyed and 55,000 damaged by the hurricane.

In FY 2002, U.S. activities to support further progress on democratic and economic reforms include Development Assistance (DA) funding to target economic reactivation, accountability, public health, environmental management, municipal development and disaster mitigation. Economic Support Funds (ESF) will be used to facilitate implementation of a new Criminal Procedures Code, which will substantially improve the transparency of the justice system. In addition, Child Survival and Disease (CSD) funding will help improve access of rural women and children to basic education and health care. The International Military Education and Training (IMET) program for Honduras will help consolidate civilian control of the military through training programs and participation in regional military exchanges/programs.

Honduras will also be eligible to receive Excess Defense Articles (EDA) on a grant basis under § 516 of the Foreign Assistance Act (FAA). Transfer of grant EDA to Honduras is consistent with U.S. foreign policy objectives of interdicting narcotics trafficking and enabling the Honduran Armed Forces to better conduct disaster relief and search and rescue missions. In spite of the demands of Hurricane Mitch reconstruction, the Government of Honduras continues to make progress on its commitment to cooperate on narcotics interdiction. EDA boats, vehicles and helicopters will be important for continued progress in this area as well as the other aforementioned missions.

U.S. International Narcotics Control (INC) funds from regional allotments are used to support Honduras' expanding anti-drug programs, which serve to amplify and reinforce our own hemispheric law enforcement efforts. These funds finance a variety of crucial initiatives, including a canine counternarcotics unit, maritime assets, demand reduction programs, and training and equipment for police counternarcotics units.

Jamaica
(\$ in thousands)

Account	FY 2000 Actual	FY 2001 Estimate	FY 2002 Request
CSD	3,357	4,116	5,000
DA	7,810	7,792	7,482
ESF	1,200	1,495	1,000
FMF	500	582	900
IMET	461	500	600
INC	800	1,200	1,550
Peace Corps	2,290	2,219	2,305

National Interests:

U.S. interests in Jamaica include stemming the flow of illegal narcotics and migrants, preventing the cultivation and export of Jamaican-grown marijuana to the United States, protecting the interests of U.S. investors, ensuring the safety and security of Americans residing or visiting on the island, and assisting Jamaica to play a constructive leadership role among Caribbean countries. U.S. programs seek to bolster the effectiveness of Jamaica's security forces and judicial organs and to alleviate social and economic ills that have a debilitating effect on democratic institutions or increase levels of violent crime.

Objectives & Justification:

Jamaica plays a leadership role among the Caribbean countries, and until January 2002, is a member of the United Nations Security Council. Jamaica is now the major Caribbean transit point for South American cocaine enroute to the United States, and the island is the largest producer and exporter of marijuana in the Caribbean. It is important that Jamaica have sufficient resources to combat narcotics trafficking and the accompanying crime, corruption, and threats to democratic institutions.

The Jamaica Defence Force (JDF) has demonstrated during joint counternarcotics exercises with the U.S. under the bilateral maritime agreement that it is professional and well-trained. The U.S. Government and Government of Jamaica (GOJ) need to take steps to better employ the bilateral maritime agreement to maximize use of U.S. resources that augment limited Jamaican resources. When not called on by the GOJ to assist in police or prison duties, the JDF participates in marijuana eradication.

In 1999, the United States transferred two excess U.S. Guard 82ft patrol vessels to Jamaica under the Excess Defense Articles (EDA) program. Jamaica will be eligible to receive EDA in FY 2002 on a grant basis under Section 516 of the Foreign Assistance Act (FAA). EDA for Jamaica will be used to support JDF's role as a stabilizing force in the Caribbean through active involvement in peacekeeping operations, search and rescue missions, disaster relief, and counternarcotics operations. It will also aid in enhancing inter-operability in U.S./Caribbean joint exercises. FY 2002 Foreign Military Financing (FMF) funds will continue to provide valuable technical support and spare parts for aircraft and armored vehicles, as well as uniforms and other

equipment for the JDF. International Military Education and Training (IMET) funding will assist the GOJ by providing training programs that focus on professionalizing their military, developing future leaders, inculcating a better capability in resource management, and instilling a greater respect for human rights among service members.

Currently, U.S. counternarcotics funding is used to support marijuana eradication. In June 2000, the GOJ began paying 50 percent of the salary expenses for personnel involved in marijuana eradication and will take over their full salaries beginning in June 2001. U.S. funding also assists GOJ anti-drug agencies to enhance interdiction capability, as measured by increased seizures and arrests, and to undertake investigations. U.S. funding supports development of GOJ anti-money laundering capabilities and adoption by the GOJ of modern anti-crime legislation. U.S.-funded training includes anti-money laundering, anti-corruption, collection and analysis of evidence, port security, and tracing firearms.

In 2000, Jamaica experienced its first year of positive economic growth since 1995. Over half the government's budget goes to debt service. Environmental problems include water pollution and damage to forests and coral reefs, and threaten one of Jamaica's few profitable industries, tourism. Society is threatened by criminal gangs, inadequate schools, the breakdown of the family, and high unemployment, particularly among the young. The poor economic situation in Jamaica also contributes to the problem of illegal Jamaican migration. U.S. development assistance programs foster the creation and expansion of small businesses, improve water quality, protect parks and foster eco-tourism, and address the problems of at-risk youth by combating HIV/AIDS, STD's, and pregnancy, providing services to pregnant teenagers and reformed addicts, and improving educational standards at 72 primary schools. Programs at these schools will target literacy, quality of teaching, school attendance, and management. The programs will also target the gang-ridden "garrison communities."

About 800,000 U.S. citizens visit Jamaica annually, with an equal number traveling to the Cayman Islands, which is within the consular district of the U.S. Embassy in Kingston, and approximately 8,500 Americans reside in Jamaica. The safety of U.S. citizens is a priority. U.S. officials in Jamaica maintain close contact with the Jamaican and Cayman police, national security, judicial, aviation, and tourism officials, keep U.S. citizens informed of safety and security concerns, maintain registration and warden systems, and monitor the welfare of the 50-60 U.S. citizens imprisoned at any given time. The Embassy has a program that warns about penalties for attempting to smuggle illegal drugs out of Jamaica into the United States.

Mexico
(\$ in thousands)

Account	FY 2000 Actual	FY 2001 Estimate	FY 2002 Request
CSD	4,200	5,987	6,000
DA	9,562	8,640	6,165
ESF	2,000	6,178	10,000
IMET	865	1,000	1,150
INC	4,071	10,000	12,000

National Interests:

Mexico is the most important U.S. foreign policy priority in Latin America. What happens in Mexico has more direct impact on U.S. citizens than any other country. In February, 2001, Presidents George W. Bush and Vicente Fox jointly announced a new era of strengthened cooperation, and a full partnership between the two countries, based on the many factors we share in common: (1) a 2,000 mile border that creates migration, crime and trade issues; (2) economic, environmental and health interdependence of our citizens; (3) our domestic political interdependence and common social heritage; and (4) our shared concern that the citizens of both countries be able to benefit from economic opportunity and growth.

The US Government has a major stake in helping Mexico to meet these shared challenges. The strong Bush-Fox partnership presents a historic opportunity to establish truly effective cooperation between the two countries. Program funds provided to Mexico help to strengthen and decentralize democratic governance at the national, state and local levels; improve justice administration; strengthen municipal governance capacity and citizen participation; support congressional modernization; free and fair elections; and establish educational initiatives.

Objectives & Justification:

ESF will provide 1) assistance to Fox administration initiatives to implement more effective decentralization policies, de-politicize administrative and fiscal controls, increase transparency of revenue transfers to states and municipalities, and improve municipal revenue generation, 2) build on GOM priorities to develop increased economic opportunities by generating awareness of mechanisms for private sector participation in infrastructure and urban service financing and credit development, 3) increased emphasis on transparency and accountability, including codes of conduct, development of simple, clear procedures for obtaining city services, citizen oversight of revenue transfers and expenditures at the local level, and citizen participation in local government decision-making, and 4) supporting the local governance effectiveness in managing key environmental issues, including environmental protection and energy efficiency.

In FY 2002, ESF funds will also be used to coordinate with technical units of the Mexican Congress: 1) Budget Analysis Unit and the General Accounting Office of the Chamber of Deputies, to strengthen the performance of the Congress' constitutional functions of oversight and budget making; 2) Legislative Research Service, to develop improved legislative research, bill drafting and bill analysis skills; and 3) Office of Training of the Chamber of Deputies, to support

implementation of the Chamber's new career legislative civil service. These activities will 1) address the issues necessary to support the federal Senate as it deals with the newly pluralistic environment, and 2) help three state legislatures develop systems.

In 2002, ESF will sponsor follow-up to the border exchange conferences, in the form of border judicial working groups made up of judges, prosecutors and lawyers to implement projects to improve coordination and communication between courts along the U.S. – Mexico Border, facilitate training for Mexican judges, and promote procedural reforms in participating Mexican states. Assistance to state electoral tribunals would incorporate the lessons learned from the 2000 Guanajuato, Chiapas, and Tabasco state elections and expand the number of participating states. Special emphasis will be placed on upcoming elections in the Yucatan and Tabasco, both seen as critical to the overall credibility of the Mexican electoral process.

An ESF anti-corruption program in FY 2002 will improve investigation and fraud-detection techniques for official corruption by assisting key staff of the Mexican supreme auditing agency and the public ministry. It will support initiatives to make decentralization policy implementation transparent through assistance to the federal offices charged with decentralization policy implementation.

A policy change & institutional reform ESF program will support the design and implementation of government innovation/institutional reform. Partners will include the President's Office on Government Innovation, the Secretary of Comptrollership and Administrative Modernization (SECODAM), the Interior Ministry's Office on Municipal Governance (CEDEMUN). Technical assistance and training will be provided to partner institutions to improve strategic policy making skills, increase efficiency of federal executive branch departments and agencies.

ESF will be used to support new activities and expand existing initiatives in the southern states of Chiapas, Oaxaca and Guerrero, linking to President Fox's "March to the South" initiative to support political and economic development in this priority region of Mexico. These three states are Mexico's poorest and most conflictive, with the largest indigenous populations in Mexico. Programs will be implemented through partnerships and small grants to the Mexican state and local government entities and to Mexican and U.S. non-governmental institutions.

International Narcotics Control and Law Enforcement (INCLE) funds will be used to prevent use of Mexican territory and territorial waters by drug trafficking organizations to move illicit drugs to the United States, dismantle drug cartels and disrupt drug trafficking, combat corruption and promote justice sector reform, reduce and ultimately eliminate drug crop cultivation, production of methamphetamines, and other illicit pharmaceuticals, control money laundering, including the seizure and forfeiture of trafficker assets, and reduce demand for illicit drugs and mobilize communities against illicit drugs.

Our interests in good governance, law enforcement, and regional stability will also be served by the continued evolution of a professional Mexican military respectful of human rights that cooperates with the U.S. on issues of common interests. FY 2002 (IMET) funds of \$1.15 million will provide professional and technical training intended in areas of mutual concern,

including strengthening military command and technical capabilities, human rights standards, resource management, and English-language skills. IMET's effectiveness will be measured in part by the promotion of U.S.-trained officers and civilian personnel to positions of leadership and command, increased interoperability and cooperation in joint military operations, and effectiveness in counterdrug and other law enforcement support missions.

The incidence of HIV infection in Mexico (the second greatest in Latin America) and the continuing problem of tuberculosis there have serious public health implications for the U.S. as well. CSD funds will support an ongoing tuberculosis prevention and control program to improve the political, administrative, diagnostic and therapeutic response to the disease. The scope of HIV infection in Mexico presents a serious challenge to the recently decentralized national health system. CSD funds will also support programs to help states in their new responsibilities for funding, management and integration of HIV/AIDS and STI programs.

DA funding will strengthen local and national capacity to manage natural resources. This includes prevention and control of wildfires and pilot activities to ensure long term stability of parks and protected areas by developing sustainable funding mechanisms. 80% of Mexico's energy comes from consumption of fossil fuel, contributing directly to greenhouse gas emissions.

Nearly one half of Mexico's population lives below the poverty line, and the economy's inability to generate sufficient new employment adds to the financial pressures that fuel migration within Mexico and to other countries (e.g. the U.S.). DA funding will strengthen the institutional base needed for sustainable growth in microenterprise, already an important source of income for poor Mexicans, promoting more equitable economic growth.

Mexico will be eligible in FY 2002 to receive Excess Defense Articles (EDA) on a grant basis under § 516 of the Foreign Assistance Act (FAA). Transfer of grant EDA to Mexico serves high-priority U.S. foreign policy objectives by enhancing Mexico's capabilities in the struggle against illicit production and traffic in narcotics. Mexico is the source country for much of the marijuana, heroin and methamphetamines, and the primary transshipment point for cocaine, destined for the United States. More effective counternarcotics cooperation is key to U.S. efforts to reduce the flow of drugs into this country.

Nicaragua
(\$ in thousands)

Account	FY 2000 Actual	FY 2001 Estimate	FY 2002 Request
CSD	7,932	6,858	7,000
DA	14,450	16,690	17,000
ESF	0	1,495	1,500
IMET	194	220	375
Peace Corps	2,405	2,539	2,659

National Interests:

The primary national interests of the United States in Nicaragua are to support and strengthen democratic institutions; to foster regional security and interdict international crime; and to promote broad based economic growth. Since the return of democratically elected government in 1990, Nicaragua has made great strides toward establishing legitimate democratic institutions. However, these institutions are still young and fragile, and they will be put to the test in November, 2001 when Nicaragua holds presidential and legislative elections. Likewise, Nicaragua has witnessed significant economic change over the past decade, opening its markets and actively seeking foreign investment. Nevertheless, despite growth in some sectors, poverty levels have not been significantly reduced and circumstances were made worse after damage done by Hurricane Mitch. According to the World Bank, in 1998 Nicaragua was the poorest country in the Western Hemisphere in terms of per capita GNP. Continuing U.S. engagement remains an important component of Nicaragua's ongoing effort to become a stable, democratic and more prosperous U.S. regional partner; such support is especially crucial now as Nicaragua moves toward elections and attempts to combat persistent economic problems.

Objectives & Justification:

Chief among U.S. policy objectives in Nicaragua has been to ensure that the devastation caused by Hurricane Mitch in October 1998 does not undo nearly a decade of political and economic progress. The Central America and Caribbean Emergency Disaster Recovery Fund (CACEDRF) financed programs designed to rebuild and, in many cases, improve upon institutions and infrastructure which existed prior to the Hurricane. To help ensure transparency, the USG channeled this assistance almost exclusively through municipal governments, NGOs, and other civil society players, ensuring their active engagement and oversight. CACEDRF assistance also focused on creating mechanisms to prepare for and mitigate the effects of future natural disasters.

International Military Education and Training (IMET) funds serve both to promote regional security and to strengthen democratic institutions. The Nicaraguan National Army (EN), once at the service of Sandinista political leadership, has made great progress in professionalizing and depoliticizing its officer corps, and in submitting to the direction of a civilian President and a civilian Minister of Defense (MoD). To continue this process, courses in military resource management, human rights and the role of a modern military within a democratic framework are

crucial if Nicaraguan civilian leaders -- many of whom have little direct experience with military institutions -- are to effectively lead the EN.

NADR funds in Nicaragua go to fund one of the most successful humanitarian demining operations in the Western Hemisphere -- another crucial aspect of our efforts to ensure peace, economic development and regional stability. In the past, U.S. humanitarian demining contributions for Central America were directed to the Organization of American States (OAS) to fund various programs throughout Central America. Of the regional work that remains, most is in Nicaragua; as such we have opened Front #5 in Siuna for \$1,000,000. Additionally, the U.S. Government is funding the continuation of a canine mine detection program throughout Central America.

Nicaragua will be eligible to receive Excess Defense Articles (EDA) on a grant basis under § 516 of the Foreign Assistance Act (FAA). Transfer of grant EDA to the Government of Nicaragua will support our foreign policy goal of building Nicaraguan capacity to interdict narcotics flows through Central America and in the adjacent Caribbean. EDA also will continue to support the Nicaraguan Armed Forces' (EN) capability to conduct disaster relief and search and rescue missions. Successful performance of these missions will enhance the EN's new role as a nation-building institution subordinate to civilian control -- another major U.S. policy goal in Nicaragua.

Development Assistance (DA) and Economic Support Funds (ESF) are the backbone our democracy programs in Nicaragua. Long-term, we are focusing on justice sector reform, civil society strengthening, municipal development, accountability/anti-corruption and electoral administration. Institutions remain weak and subject to manipulation, making U.S. support in each of these areas crucial if Nicaragua is to establish legitimate democratic institutions that respond to the needs of the country's citizens. In addition, we believe that direct U.S. support through ESF and DA is necessary to help ensure free and fair elections in November. We seek to fund international and domestic election observers and to provide limited technical assistance.

As the poorest country in the Western Hemisphere, greater stability and democracy must go hand in hand with broad based economic growth in Nicaragua. Child Survival and Disease (CS&D) funds directly address our economic goals in Nicaragua on the most basic level. Through these funds, we support improved access to and quality of basic education, improved health for rural women and children, and food security. DA is also crucial to our efforts to promote sustainable natural resource management and increased rural incomes. Specifically, DA funds go toward promoting microenterprise development, expanding infrastructure and providing technical assistance to farmers.

Success in protecting and promoting our national interests in Nicaragua depends largely on how well we address the scourge of narcotrafficking and other transborder crime. While Nicaragua receives no direct, bilateral U.S. International Narcotics Control (INC) funds, our efforts in this area are supported by INC funds from regional allotments. Our INC investments in Nicaragua are relatively new, but they have already paid great dividends in amplifying the effect of our own law enforcement efforts in the region. We are currently providing training and equipment to the newly-created anti-drug division of the Nicaraguan National Police and seeking

to promote the formation and training of a coast guard. Our justice improvement and anti-corruption projects seek to fortify this work on the institutional level. Continued U.S. counternarcotics assistance to Nicaragua will eventually bring the GON up to the standard of its neighbors who have had a longer relationship with the U.S., providing us a unified front against crime in a region that cannot afford weak spots.

Panama
(\$ in thousands)

Account	FY 2000 Actual	FY 2001 Estimate	FY 2002 Request
DA	3,500	3,700	4,500
ESF	1,000	996	4,000
FMF	0	0	1,000
IMET	117	150	170
INC	4,987	1,000	11,000
Peace Corps	1,795	1,998	1,901

National Interests:

Panama remains extremely important to U.S. national interests following the transfer of the Panama Canal on December 31, 1999. The U.S. continues to have a responsibility to ensure the secure operation of the Canal. The Colon Free Zone is the largest free trade zone in the Hemisphere and Panama is a major overseas financial center. Panama's strategic location between South and North America makes it a crossroads for international commerce, but also a center for illegal activity such as drug trafficking, money laundering, trafficking in arms and illegal immigration. Panama has begun to experience spillover effects along its eastern border from Colombia's civil conflict, including refugees and armed incursions by rebels. The United States must continue cooperative efforts with Panamanian law enforcement entities to counter transnational crime threats and manage Colombian spillover, while working with the Government of Panama to help assure the security and smooth operation of the Panama Canal.

Objectives & Justification:

The United States will continue cooperative programs aimed at interdicting the flow of illegal drugs through Panama. We will seek to enhance Panama's ability to combat money laundering and other financial crimes. The U.S. will increase support to Panama's police to help manage the impact of Colombia's civil conflict along their shared border.

Through cooperation between USAID, the Government of Panama and Panamanian NGOs, we seek to promote indigenous environmental protection and management policies and programs designed to protect the Canal watershed. The Development Assistance (DA) funds earmarked for this purpose are directed toward building domestic institutions capable of managing the Canal watershed, encouraging local government and private sector cooperation in environmental management and protection, and increasing civic participation in protection of the environment. USAID will continue projects to improve the efficiency and fairness of the system of administration of justice. USAID also intends to begin in FY 2002 projects to develop Panama's eastern border area as a means to increase local government control and improve the rule of law.

In FY 2002, the International Military Education and Training (IMET) program will provide training in the rule of law discipline in security operations to enhance the principle of human rights. IMET courses in maritime operations will enhance Panama's ability to interdict

transnational criminal activity and to ensure the security and continued smooth operation of the Canal.

Panama will be eligible to receive Excess Defense Articles (EDA) on a grant basis under § 516 of the Foreign Assistance Act (FAA). Transfer of grant EDA to Panama will bolster Panama's capabilities to provide security for the Canal -- including transits of U.S. military vessels, to secure its maritime borders and to deal with the spillover from Colombia's civil war. With the withdrawal of U.S. military forces from Panama, it is struggling to assume responsibility for its own national security. Panama's Public Forces currently lack for adequate maintenance, basic communications gear and transportation resources.

Paraguay
(\$ in thousands)

Account	FY 2000 Actual	FY 2001 Estimate	FY 2002 Request
DA	5,175	6,345	5,375
ESF	1,000	3,488	3,500
IMET	210	200	300
Peace Corps	2,925	3,291	3,396

National Interests:

The primary United States national interest in Paraguay is the consolidation and strengthening of democracy. Other interests, which depend on progress on democracy, include fighting transnational crime – intellectual property rights violations, drug trafficking and terrorism – and promoting responsible regional environmental management. Humanitarian interests include promoting public health and sustainable development.

Objectives & Justification:

Economic Support Funds (ESF) and Development Assistance (DA) funds will be used to strengthen democracy, help protect the environment, and improve child and maternal health. Funding will promote democracy by strengthening local governments, encouraging the adoption of national reforms, and supporting civil-military dialogues and a vigorous civil society. Funding also will offer Paraguay assistance in managing key environmental areas and supporting the environmental community in managing regional environmental concerns. DA funds will be used to make family health care more accessible and improve grass-roots provision of health services at the community level. ESF will also be used for health education for marginal and rural families. These efforts will help stabilize population growth, improve women's health, and reduce maternal and infant mortality and other poverty-related problems.

The International Military Education and Training (IMET) funds will help promote democracy in Paraguay and regional stability by increasing the professionalism of military personnel and continuing to develop military respect for civilian authority. IMET funds will be used to train Paraguayan officials at various military schools. Anticipated courses include the international officers' school, civil-military operations, and sustaining democracy. By increasing military professionalism, such training also reduces the likelihood that civilians will seek to involve the military in politics.

Paraguay is a transshipment point for an estimated 15-30 metric tons of cocaine per year, some of which reaches the United States. International Narcotics Control and Law Enforcement (INCLE) funds from a Western Hemisphere regional account will be used for training, technical assistance, and equipment to help Paraguayan officials to develop a law enforcement capability to confront cocaine trafficking and money laundering.

Paraguay will be eligible in FY 2002 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Transfer of grant EDA to Paraguay will increase interoperability of Paraguayan forces with U.S. forces and increase the likelihood that Paraguayan forces will participate in global peacekeeping activities. Such participation would strengthen Paraguay's military as a democratic institution, both by providing an external mission and by increasing contact with modern, apolitical military forces.

Peru
(\$ in thousands)

Account	FY 2000 Actual	FY 2001 Estimate	FY 2002 Request
CSD	7,000	9,230	10,500
DA	27,904	29,071	28,646
ESF	4,000	2,200	10,000
FMF	0	0	1,000
IMET	455	475	500
INC	80,000	48,000	156,000
NADR-HD	1,000	861	250

National Interests:

The Andean region represents a significant challenge and opportunity for U.S. foreign policy, with important national interests at stake. None of the region's challenges -- supporting democracy, fostering economic development, combating narcotics trafficking -- can be addressed in isolation. Under the Andean Regional Initiative, in Peru the United States seeks to strengthen democratic institutions in Peru, to strengthen Peru's ability to interdict and disrupt narcotics production and distribution, to promote economic growth and commercial opportunities for U.S. business, and to enhance regional stability in the Andes. Peru has undergone profound political transition in the past year which will culminate in the inauguration of a new, democratically-elected President and Congress on July 28, 2001. We will support Peru as it takes measures to implement democratic and economic reforms, reduce poverty and improve the standard of living for its people, professionalize its security forces, consolidate its past counterdrug achievements, and promote licit economies and rule of law.

Objectives & Justification:

Peru is one of the largest countries in South America and has a strong bilateral relationship with the U.S. that spans many issues, from counternarcotics to commercial ties. Peru is a source country for cocaine, and the U.S. has enjoyed excellent cooperation from the GOP in counternarcotics activities, resulting in a 70% decline in coca cultivation from 1995 to 2000. International Narcotics Control and Law Enforcement (INCLE) funds in the amount of \$156 million will provide training and assistance for aerial, maritime, riverine and ground interdiction of drug shipments, enhanced law enforcement, alternative development assistance, and drug education and demand reduction. Increased funding is proposed to enhance interdiction efforts, as traffickers have adapted new methods of transportation following the shutdown of the northern "air bridge" to Colombia, and to increase the alternative development services needed to complement eradication programs by providing former coca farmers with viable crop options. The success of alternative development has been amply demonstrated: licit agricultural production in zones targeted for assistance now totals \$64.6 million, exceeding the gross value of coca leaf produced in those zones by ten percent. Expansion of this program will help consolidate the gains from eradication and interdiction.

The end of the centralized Fujimori administration, new national elections in April 2001 to install democratically-elected leadership, and a renewed commitment to international human rights practices represent an opportunity for extremely positive change in Peru. A wide-ranging democratic reform agenda was developed in conjunction with the Organization of American States to address weaknesses in the judiciary, balance of powers, freedom of expression, and the security forces. Legislation to enact these reforms has largely been completed but the challenge of implementation still lies ahead. Training and technical assistance is needed to help rebuild democratic institutions, to improve administration of justice and rule of law, to strengthen local governments and encourage greater citizen participation in decision-making, to promote political party building, and to increase civilian control over the military. The \$10 million in Economic Support Funds (ESF) and part of the \$26.7 million in Development Assistance (DA) funds are designed to foster these goals. We will continue to support the Human Rights Ombudsman and NGOs, but will also engage directly with the new Government of Peru.

Peru has successfully dealt over the last several years with Shining Path and MRTA insurgency threats to country's social and political stability, which date from the 1980s. In October 1998 Peru and Ecuador signed a peace agreement resolving an armed border dispute that continued for over 150 years and last erupted into armed conflict in 1995. \$250,000 in Non-proliferation, Anti-Terrorism, Demining and Related Programs (NADR) funds will be used to accelerate demining of the border region under the new Peruvian government and to complement efforts by the OAS to develop a pilot program with both Peru and Ecuador. International Military Education and Training (IMET) in the amount of \$500,000 funds programs to improve military professionalism and capabilities by providing military and civilian defense professionals training that reinforces the principle of civilian rule. Recent steps taken by Peru to depoliticize the armed forces will increase the effectiveness of our programs. We also propose to spend \$1 million in Foreign Military Financing (FMF) to improve the military's capabilities in protecting Peru's borders and promoting regional stability.

Peru in FY 2002 will be eligible to receive Excess Defense Articles (EDA) on a grant basis under § 516 of the Foreign Assistance Act (FAA). Transfer of grant EDA to Peru serves a key U.S. national interest in assisting the Government of Peru in combating illegal narcotics production and trafficking by providing needed equipment to the Peruvian security forces, which are an integral part of the counterdrug effort.

Peru's economic recovery in 2000 (from two years of stagnation caused by El Nino and the global financial crisis) was hampered by political turmoil but Peru did post growth for the year of 3.6%. This reflects the resilience of an economy which underwent major reforms in the 1990s to open markets and privatize government concessions. The U.S. is Peru's most important trading partner, with U.S exports to Peru totaling \$2 billion in goods and services annually (approximately 25 percent of all Peruvian imports), and U.S. imports from Peru totaling approximately 23 percent of Peruvian exports. More than 200 U.S. companies are present in Peru, and the stock of U.S. direct foreign investment in Peru exceeds \$4 billion. We hope to resume negotiations with a new government on a Bilateral Investment Treaty to further enhance our commercial ties.

Despite economic reforms, Peru remains a poor country with 54% of its population living in poverty and 15% in absolute poverty. Official unemployment is approximately 10% with 45%

underemployment. Peru's social indicators (child mortality, HIV/AIDS, education and literacy) are among the least advanced in Latin America. Deficit-spending during the finale of the Fujimori administration created a fiscal deficit of 2.9% of GDP and the new government will be challenged to create jobs, fight poverty, and improve standards of living while maintaining fiscal discipline. Part of the \$26.7 million in DA programs aim to promote broad-based economic growth by providing financial and technical assistance to Peruvian public and private sector organizations to improve market systems and economic institutions, expand human capacity through education and training, improve food security, and expand employment opportunities for the poor. DA funds promote economic growth through food assistance to alleviate malnutrition; microcredit loans to create jobs and improve living standards; and technical assistance and training to increase agricultural and enterprise productivity. Through family planning activities funded by DA, the U.S. will help provide individuals and couples with information and services that promote their health and contribute to healthy and sustainable population, as well as provide technical assistance and training to diagnose, treat and contain infectious diseases. Child Survival and Diseases (CSD) in the amount of \$10.5 million also provides technical assistance and training for the provision of integrated health care services to mothers and children, including child spacing, prenatal care, prevention and management of sexually transmitted diseases, and safe motherhood.

Uncontrolled urbanization, industrial pollution, and widespread poverty threaten Peru's natural resource base, one of the world's richest and largest. DA-funded programs help to improve Peru's environmental legal framework and promote pollution prevention practices. DA money also provides technical support for environmental protection training, waste management, and protection of national parks.

Peru/Ecuador Peace
(\$ in thousands)

Account	FY 2000 Actual	FY 2001 Estimate	FY 2002 Request
ESF	11,000	6,975	5,000

National Interests:

On October 26, 1998, the Governments of Peru and Ecuador signed peace accords in Brasilia, ending over 150 years of tension and three incidents of armed conflict in 1941, 1981, and 1995. The peace accords were negotiated under the framework of the Rio Protocol, which ended the 1941 conflict by defining the border between the two countries and establishing the United States, Argentina, Brazil and Chile as the protocol's Guarantors. The Protocol was successfully used to obtain a cease-fire in the 1995 hostilities and to launch three years of intense negotiations between the parties, closely guided and counseled by the Guarantors. Guarantors also provided troops and equipment for the Ecuador-Peru Military Observer Mission (MOMEPE), which monitored the demilitarized zone established in the area of the dispute.

The successful implementation of the peace accord will promote regional stability, encourage continued regional diplomacy and coordinated actions to resolve conflict, and further economic development and prosperity in the border region.

Objectives & Justification:

In conjunction with the 1998 settlement, the Governments of Peru and Ecuador established a "Binational Plan for Development of the Border Region" to develop their border areas in an integrated manner. The objective of the Plan is to consolidate the peace accords by providing social and economic development to the border region. An estimated total of \$3 billion over ten years will be sought to overcome the disadvantages of isolation and generations of hostility and underdevelopment. A Consultative Group meeting in April 2000 yielded pledges of \$173 million from international financial institutions (the InterAmerican Development Bank, the World Bank, and the Andean Development Fund), donor nations and private sector investment.

The projected U.S. contribution to the Plan is \$40 million over several years. Economic Support Funds (ESF) will demonstrate the U.S. commitment to implementation of the peace accords and will encourage other donors to support the Binational Plan. The funding will be used to finance a number of small-scale, high-impact activities aimed at alleviating poverty, strengthening local governments, improving community infrastructure, upgrading health conditions, generating income, promoting cross-border trade and improving environmental management.

Suriname
(\$ in thousands)

Account	FY 2000 Actual	FY 2001 Estimate	FY 2002 Request
FMF	0	0	250
IMET	102	100	110
Peace Corps	889	757	857

National Interests:

The principal U.S. interests in Suriname are maintaining a stable democracy, combating the flow of illegal drugs and migrants to the U.S., and ensuring economic opportunity for both Surinamese and American investors. The United States also encourages protection of the country's large rain forest, which is essential to preserving the global environment.

Objectives & Justification:

Suriname's military suffers from a lack of resources, down to food and clothing for its soldiers, equipment and materials needed for training a force properly, and parts and fuel for operating mission-essential equipment. The U.S. will use its FMF funds to support deployment of U.S. mobile training teams to support organizational restructuring of the Infantry and Special Forces battalion, along with medical, logistics, and staff officer training. Other uses of FMF funds include supporting small patrol craft, vehicle maintenance, and troop support in the form of uniforms and boots.

The U.S. will use its IMET funds for projects that promote civilian control of the Surinamese armed forces, increase military professionalism, and expose Surinamese military personnel to U.S. norms and values with respect to the appropriate military role in democratic society. Suriname lacks a training infrastructure for developing military leaders. There are no domestic training opportunities available for military officers in Suriname, who therefore must rely on professional development courses acquired from foreign countries (historically Brazil, China, France, and India as well as the U.S.)

The U.S. will work aggressively to help the GOS professionally develop and sustain its recently acquired counterdrug capability. Our focus remains promotion of in-country training opportunities (in lieu of promoting Stateside course attendance) to increase the number of Surinamese military personnel who can be trained in some of the basics.

Suriname will be eligible in FY 2002 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act (FAA). Transfer of grant EDA to Suriname will assist the Surinamese military in developing and sustaining a viable counter drug capability, as well as the capacity to combat migrant and arms smuggling.

Trinidad & Tobago
(\$ in thousands)

Account	FY 2000 Actual	FY 2001 Estimate	FY 2002 Request
FMF	250	299	400
IMET	132	125	135

National Interests:

Trinidad and Tobago (TT) is a stable democracy and a staunch friend of the U.S. It is in the U.S. national interest to assure TT's continued macroeconomic growth and political stability while protecting U.S. investments in the energy and petrochemical sectors and promoting sound environmental policies. Since TT is a transshipment point for narcotics from South America, it is also in the U.S. interest to help the country improve its criminal justice system, counternarcotics and law enforcement capabilities.

Objectives & Justification:

TT's economy is dominated by oil and natural gas production and related downstream petrochemical industries, although the GOTT is actively pursuing diversification. The U.S. is already the leading exporter to and investor in TT, but there is room for more growth. The Mission is encouraging the GOTT to play a more active role in the Free Trade Area of the Americas (FTAA) and within CARICOM on trade matters. Other U.S. goals include further liberalization of the civil aviation, telecommunications and financial services sectors that will encourage present and future U.S. investment. Under the direction of the U.S. Embassy, USG personnel are working with the GOTT to ensure fairness and transparency in acquisitions and awarding of bids for public projects. The Embassy will continue to monitor the GOTT's level of Intellectual Property Rights (IPR) enforcement. The GOTT is committed to free trade and a positive investment climate.

The Embassy is working to increase TT's leadership role on greenhouse gas emissions among developing nations. Encouraging improved protection of fish stocks, coral reefs, forests, and wetlands will also help preserve biodiversity and global resources.

Although the U.S. and TT have an exceptionally cooperative relationship in combating crime, TT's proximity to South America makes it an easy transshipment point for narcotics headed to the U.S. With USG assistance, the GOTT has identified and prosecuted major drug traffickers, seized narcotics-related assets, and charged people with money laundering. However, police corruption, lengthy trial delays, and protection of witnesses remain problem areas that the Embassy is helping TT to address by providing technical assistance and training. Technical training is also being provided to the police in criminal investigations, tourism policing, and document fraud. An IRS team is helping the Board of Inland Revenue to modernize tax collection procedures. The U.S. has donated equipment (three 82-foot patrol boats, two C-26 and two Piper-Navajo aircraft) to improve the country's air and sea surveillance against narcotics traffickers.

Foreign Military Financing (FMF) funds will contribute to preventative maintenance of equipment. The country is focusing renewed attention toward the neglected coast guard fleet and

is currently in the process of overhauling a 130 ft. cutter and seven patrol craft. FY 2002 FMF funds will help establish an aggressive preventative maintenance program to sustain the GOTT's maritime fleet used to combat transnational crime.

The International Military Education and Training (IMET) program provides U.S. training in civil-military affairs to help reinforce civilian control of the military and the principles of human rights. Officer training assists in professionalizing the military, while training in logistics, maintenance and equipment repairs helps maintain the technical proficiencies of the armed forces of Trinidad and Tobago.

Trinidad and Tobago will be eligible to receive Excess Defense Articles (EDA) on a grant basis under S516 of the Foreign Assistance Act (FAA). EDA for TT will be used to support CARICOM's role as a stabilizing force in the Caribbean through active involvement in peacekeeping operations, search and rescue missions, disaster relief, and counternarcotics operations. They will also aid in enhancing inter-operability in U.S./Caribbean joint exercises.

Uruguay
(\$ in thousands)

Account	FY 2000 Actual	FY 2001 Estimate	FY 2002 Request
FMF	0	0	1,000
IMET	326	350	415

National Interests:

United States national interests in Uruguay include promoting democracy by strengthening the Uruguayan military as a democratic institution and addressing global issues by helping Uruguay fight narcotics trafficking and international crime and encouraging GOU participation in UN peacekeeping efforts. Although we are not seeking funds for this effort in this bill, we will also promote our national interest in economic prosperity by ensuring that Uruguay's market is open to U.S. exports and by encouraging Uruguay's participation in the Free Trade Area of the Americas (FTAA) process to open regional markets to U.S. exports.

Objectives & Justification:

The requested International Military Education and Training (IMET) funding will promote regional stability by strengthening the Uruguayan military as a democratic institution. IMET-funded training helps to make Uruguayan military officials and civilian officials aware of the democratic values that the United States and Uruguay share, such as human rights, international law enforcement, and environmental protection. The Foreign Military Financing (FMF) for Uruguay from the regional Conflict Prevention and Response fund will be used to support a radar for the Uruguayan Air Force and to upgrade communications and field equipment for the Uruguayan Army battalion that the GOU has agreed to make available for the UN's "stand-by" peacekeeping force. If available, Excess Defense Articles provided under Section 516 of the Foreign Assistance Act may also be used to modernize Uruguayan equipment and increase the interoperability of Uruguayan and other international peacekeeping units.

Uruguay will be eligible to receive Excess Defense Articles (EDA) on a grant basis under § 516 of the Foreign Assistance Act (FAA). Transfer of grant EDA to Uruguay will support our interest in widespread participation in international peacekeeping efforts by increasing the interoperability of Uruguayan and other peacekeeping units. To the extent that it reinforces Uruguay's existing participation in peacekeeping efforts, transfer of EDA will also strengthen the Uruguayan military as a democratic institution by continuing to expose it to modern, professional military forces.

International Narcotics Control and Law Enforcement (INCLE) funds from a Western Hemisphere regional fund will help fight illegal drugs and international crime. The funds will be used for training to improve the professionalism of police units, for contraband detection efforts, and for providing equipment and training for nascent money laundering detection and investigation units. The funds will also be used for domestic demand reduction projects such as public awareness campaigns, outreach programs for high-risk children, health care training, and for equipment to improve the effectiveness of investigation and prosecution of major criminals.

Another use of the funds will be to provide training and equipment for border control officials, assistance that will be particularly timely now that Uruguay participates in the Visa Waiver Pilot Program, which allows most Uruguayan tourists and business visitors to travel to the United States without visas.

Venezuela
(\$ in thousands)

Account	FY 2000 Actual	FY 2001 Estimate	FY 2002 Request
ESF	500	0	500
IMET	384	400	500
INC	4,200	1,200	10,000

National Interests:

As a leading supplier of foreign oil to the U.S. and as an important part of the Andean region, Venezuela represents a significant challenge and opportunity for U.S. foreign policy, with important national interests at stake. As with the other Andean countries, none of Venezuela's challenges--supporting democracy, fostering economic development, combating narcotics trafficking--can be addressed in isolation.

Objectives & Justification:

Under the Andean Regional Initiative, in Venezuela, the United States will concentrate on cooperation on counternarcotics and judicial reform.

The U.S. will monitor Venezuelan relations with Colombia and the border disputes between Venezuela and its neighbors, using diplomatic resources to help ameliorate any potential disagreement. In FY 2002, International Military Education and Training (IMET) will seek to continue maintaining military links and providing important training to the military, including training on human rights. Venezuela will be eligible in FY 2002 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act (FAA). The provision of EDA will be used to promote inter-operability and modernization of equipment.

Venezuela has implemented a far-reaching judicial reform program that includes widespread personnel changes in the judiciary. Much remains to be done in training law enforcement and judicial authorities on their new roles and responsibilities. The U.S. will continue its support for transition from the old judicial system to the new, including training of judicial personnel and training in national and international organized crime investigations. Venezuela is a major transshipment route for illegal drugs destined for the U.S. International Narcotics Control and Law Enforcement (INCLE) funds will help improve the GOV's interdiction and eradication efforts, combat international money laundering activities and improve controls to prevent diversion of essential and precursor chemicals.

The U.S. will continue to work with Venezuela to strengthen democratic institutions through ESF funded initiatives, and promote the rule of law and respect for human rights.

During 2000, the U.S. completed its assistance in response to the disastrous mudslides and flooding that occurred on the northern coast in December 1999. This assistance included emergency supplies, water treatment and storage systems, airlift capability for personnel and

supplies, and technical assistance on abatement of a serious chemical spill, public health concerns, and reconstruction.

Venezuela's economy in early 2001 is at a crossroads. By virtue of an extraordinary rise in oil revenue in 2000, government spending expanded in an aggressive attempt to re-energize the economy after the sharp 1998-1999 recession. Inflation and unemployment fell, and Venezuela improved its foreign reserve position and positive current account balance. Venezuela now faces the challenges of creating favorable conditions for investment and maintaining economic growth through the up and down cycles of the global oil market. The USG will continue to advocate for U.S. commercial interests and to encourage broad-based growth through continued economic reform, including economic diversification and reduced spending on nonproductive activities. It may also be possible to offer support to the U.S. investor community in Venezuela through resumption of negotiations on a bilateral investment treaty.

Administration of Justice/ICITAP
(\$ in thousands)

Account	FY 2000 Actual	FY 2001 Estimate	FY 2002 Request
ESF	6,500	6,976	10,000

National Interests:

The International Criminal Investigative Training Assistance Program (ICITAP) helps achieve U.S. interests in the areas of democracy, law enforcement, and human rights. By supporting the development of stronger police organizations, more competent criminal investigation, and better coordination with prosecutors and other actors in the criminal justice process, ICITAP helps other countries establish a rule of law, provide for their own public security, sustain democratic institutions, and cooperate more effectively with U.S. law enforcement agencies in international matters. Priority is given to countries in transition to democracy, where unique opportunities exist for major restructuring and refocusing of police and investigative resources toward establishment of a rule of law.

Objectives & Justification:

The ICITAP program supports the institutional development of civilian police agencies. It offers assistance in three basic areas of police work – investigative and forensic development, police management, and police academy curriculum development – and works with counterpart agencies to formulate and implement specific institutional development plans. In countries where new police organizational laws either have or will be approved, ICITAP provides general technical advice and other assistance aimed at the development of an appropriate overall management structure. In other countries, its primary focus is the development of effective investigative units or divisions capable of supporting the new criminal procedure codes that are being adopted throughout Latin America. It also supports the development of forensic laboratories, as well as an understanding by all participants in the criminal justice process of the value of physical evidence. It assists police agencies to develop their own training programs in basic and specialized areas, such as criminal investigation and for supervisory and executive level personnel.

For FY 2002, \$10 million is needed to continue programs underway in Bolivia, El Salvador, Guatemala, and Honduras and to expand activities in Nicaragua. Political and legislative developments permitting, it is possible that programs would also be initiated in Venezuela, Ecuador, the Dominican Republic, and the English Caribbean.

Andean Regional Initiative
(\$ in thousands)

Account	FY 2000 Actual	FY 2001 Estimate	FY 2002 Request
CSD	0	0	24,700
DA	0	0	68,086
ESF	0	0	54,500
FMF	0	0	4,000
INC	0	0	731,000

National Interests:

The United States' interests in the Andean Region are broad and far-reaching. The states covered by this initiative (Colombia, Peru, Ecuador, Bolivia, Venezuela, Brazil and Panama) represent some of our most abiding and important relationships in the Western Hemisphere and are most at risk of narcotics-related violence. The Andean Regional Initiative (ARI) is an umbrella program encompassing funding from the INC, ESF, DA, CSD and FMF accounts. It will promote the United States' three most fundamental interests in the region: the promotion of and support for democracy and democratic institutions in the region; sustainable economic development and trade liberalization; a reduction in the supply of illicit drugs to the US by reducing production and/or interdicting them at their source.

Objectives & Justification:

The Andean region represents a significant challenge and opportunity for U.S. foreign policy. Important U.S. national interests are at stake. Democracy is under pressure in all of the countries of the Andes. Economic development has been slow and progress toward economic liberalization has been inconsistent. The Andes continues to produce virtually all of the world's cocaine and an increasing amount of heroin, thus representing a direct threat to our public health and national security. All of these problems are inter-related and need to be addressed comprehensively with an integrated plan to advance U.S. interests in the region.

The Administration is proposing such an initiative to achieve our objectives in the Andes, drawing on funding from a variety of accounts. The FY 2002 budget requests \$882 million in international affairs funding for development assistance, counternarcotics programs and democratic institution-building in the seven countries included in the initiative: Bolivia, Brazil, Colombia, Ecuador, Panama, Peru and Venezuela. In contrast to last year's Plan Colombia supplemental, less than half of the assistance will be for Colombia and only half will be for law enforcement and security assistance. The other half will support alternative development, human rights, justice systems, economic development and democratic institution building.

The ARI total of \$882 million subsumes the \$731 million of INL-funded activity under the Andean Counterdrug Initiative (ACI). The bulk of the funds to support the law enforcement/security assistance portion of ARI will be drawn from the INC funds contained in the Bureau of International Narcotics and Law Enforcement's FY 2002 budget request. \$438.5 million of those INL funds under the ARI Initiative will be used to support enforcement-centered

programs, supported also by \$4 million in Foreign Military Financing (FMF) for the purchase of military equipment.

On the enforcement/security side, the emphasis will be upon sustaining activities begun in FY 2000/2001 under the aegis of the July 2000 Emergency Supplemental appropriation in support of "Plan Colombia" and upon preventing the "spillover" of illicit cultivation and narcotics trafficking and the associated violence and lawlessness to Colombia's neighbors.

The remainder of the FY 2002 INC request for ARI (\$292.5 million) will support non-enforcement centered portions of the Initiative such as alternative development, social programs, environmental protection, good governance, strengthening the rule of law and the administration of justice, respect for human rights, Colombia's peace process and other programs focussing upon support for democracy, institution building and economic development. Also complementing and supporting such programs will be the \$54.5 million in Economic Support Funds (ESF), \$68.086 million in Development Assistance Funds (DA) and \$24.7 million in Child Survival and Disease funds (CSD) requested for these countries in the FY 2002 budget request.

Centers for Educational Excellence
(\$ in thousands)

Account	FY 2000 Actual	FY 2001 Estimate	FY 2002 Request
ESF	0	0	7,000

National Interests:

At a time when education is acknowledged as the most decisive factor for national progress, educational indicators for Latin America and the Caribbean compare poorly with the rest of the world. In some countries fewer than 60 percent of children who start school reach the fifth grade and illiteracy rates remain high. The deficiencies in the educational systems strike hardest at the poor acting as a drag on economic development, fostering unemployment and underemployment and accelerating illegal immigration.

Objectives & Justification:

Although the reasons for the poor performance of the region's educational systems are complex, one of the major reasons is that teacher quality has deteriorated. Most teachers and school administrators in the hemisphere have limited materials, little support in the classroom and poor training that is ill suited for dealing with disadvantaged students.

In response to this problem, the USG will strengthen the capacity of three existing teacher training institutions (one each in the Caribbean, the Andean region of South America, and Central America) to serve as regional teacher training and resource centers. The objective of the program will be to boost teacher and school administrator quality and to improve the quality of early instruction in the classroom throughout the hemisphere, with special emphasis on poorer countries and for teachers who work in disadvantaged communities.

The focus of the program will be on improving reading instruction and upgrading the knowledge and pedagogical skills of poorly qualified teachers. The project will establish a training-of-trainers program so that teachers and school administrators can take the training back to their communities. The program will also create a clearinghouse of teacher training materials and an Internet Portal linking teacher training institutions, think tanks, schools, teachers, and universities so that they can share materials, "best practices" and "lessons learned" as well as provide virtual training.

USAID will administer the resources and coordinate the program, with the guidance of an advisory panel of U.S. and Latin experts. The USED, State's ECA Bureau, the OAS, Ministries of Education, business and citizen groups, faith-based organizations, international donors, and other Summit countries will be enlisted to form a partnership with USAID for the implementation of the program estimated to cost \$40 million over 4 years. Of that total, the USG will invest \$20 million (\$10 million in the first year) and will seek a one-to-one match from the private sector. USAID will provide \$3 million in FY 2002 to support this effort.

OAS/IADB / Demining
(\$ in thousands)

Account	FY 2000 Actual	FY 2001 Estimate	FY 2002 Request
NADR-HD	1,903	1,350	1,250

National Interests:

The global U.S. Humanitarian Demining Program -- funded through Nonproliferation, Anti-Terrorism, Demining and Related Programs (NADR) -- seeks to relieve human suffering, to promote national and regional stability and to foster economic development by returning mined land to economic utility. During the Central American conflicts of the 1980s and early 1990s, thousands of mines were laid throughout the region threatening human life and providing a dangerous impediment to regional development.

Objectives & Justification:

U.S. humanitarian demining assistance for Central America is provided to the Organization for American States' Assistance Mission for Mine Clearance in Central American (MARMINCA), which currently operates in Costa Rica, Guatemala, Honduras and Nicaragua. U.S. assistance emphasizes humanitarian demining training and mine awareness support. NADR demining funds provide equipment and other material support to MARMINCA, while the Department of Defense provides personnel who train, advise and assist on technical and logistical matters, and provide limited medical and communications support to MARMINCA.

Recently, U.S. assistance has provided support for the development of a new demining initiative in northeast Nicaragua ("front five" in Suina). NADR funds also continue to support the integration of mine detection dogs in humanitarian demining operations throughout Central America. It is anticipated that Honduras will be the first Central American country declared "mine safe," possibly as soon as late 2001.

WHA Conflict Prevention/Response
(\$ in thousands)

Account	FY 2000 Actual	FY 2001 Estimate	FY 2002 Request
FMF	0	0	5,000

National Interests:

It serves U.S. interests to have available, within Latin America and the Caribbean, well-trained professional military forces with the capability to assist and support the U.S., the UN and other international actors in responding to crises and conflicts throughout the world. A number of Western Hemisphere countries have, now and in the past, demonstrated a willingness to respond to such calls. U.S. national interests are served by assuring that those willing to respond have the both the capability and interoperability to cooperate effectively in international settings.

Objectives & Justification:

The request for FY 2002 FMF funding to support a regional Conflict Prevention and Response fund will provide specific types of assistance to several of the region's militaries which have provided personnel for various international peacekeeping missions and to enhance their capacity to respond to natural disasters and humanitarian crises.

In FY 2002 we will seek to provide support to the following countries to enhance the ability of various elements of their militaries to serve in international peacekeeping roles:

Argentina: Argentina is extremely proud of their participation in peacekeeping operations worldwide. Their military currently has 522 personnel deployed on 9 United Nations peacekeeping operations. Such continual, rotating deployments are hard on individual and unit equipment. A portion of the requested funds will be used to defray these costs. These funds will also be used for replacement of medical equipment and supplies and for the replacement of individual optical equipment (binoculars, night-vision equipment and laser range finders). Another portion of the requested funds will be used for professional military training and for upgrading and obtaining new equipment at the Argentine Joint Peacekeeping Training Center (CAECOPAZ) which provides a regional training platform.

Bolivia: Observers from the Bolivian Army have participated in peacekeeping operations in Kuwait, Cyprus, Guatemala, Kosovo, Sierra Leone, the Congo and East Timor. A seventy-man Bolivian Army element was deployed from May until December 1999 in Angola as part of the UN's peacekeeping contingent in that country. Bolivia has also offered a "standby" unit to the UN's ready peacekeeping force. However, such UN-certified units must be self-sustaining for a period of sixty days. As one of the poorest countries in the Hemisphere, meeting and sustaining that standard will be difficult for Bolivia. Without significant U.S. encouragement and assistance, Bolivia may be compelled to reduce its commitment to peacekeeping. FMF support would be used to assist the Bolivia in overcoming serious shortcomings in training, equipment and logistical support.

Chile: The GOC currently has 30 personnel in East Timor and another 4000 on stand-by to deploy worldwide on peacekeeping operations. These funds will provide needed equipment to their armed forces participating in peacekeeping operations.

Uruguay: Per capita, Uruguay contributes more personnel to peacekeeping missions than any other nation. Sixty percent of the Uruguayan Army (UYAR) has participated in peacekeeping missions. The UYAR has offered up a "stand-by" battalion to the UN for peacekeeping missions. This heavy usage has resulted in excessive wear to individual and unit equipment. Requested FMF funds will assist in the upgrade of the Uruguayan armed forces to help make it possible for them to participate in future operations.

WHA Regional Stability
(\$ in thousands)

Account	FY 2000 Actual	FY 2001 Estimate	FY 2002 Request
FMF	0	0	4,000

National Interests:

The Andean Regional Initiative will continue to address the primary U.S. interest in the region by seeking to stem the cultivation and production of coca and opium poppy and interdicting the trafficking of cocaine and heroin between the Andean region and the U.S. This effort has had and will continue to have significant security implications for the countries of the region. Professional, well-equipped and trained militaries capable of defending their borders and preventing Colombia's drug production and insurgency from "spilling over" to the rest of the region serve U.S. interests by preserving the region's fragile democracies and ensuring stability in an important region. U.S. interests and the cause of democracy are also served by the strengthening of professional militaries under civilian control.

Objectives & Justification:

Colombian and U.S. efforts to stem the explosion of coca production in southern Colombia and to interdict trafficking, coupled with the activities of well-armed, well-financed Colombian armed illegal groups, will put tremendous pressure on the remote border regions of surrounding countries. The task of defending these regions and ensuring against the threat of "spill-over" will fall to the neighbors' poorly-equipped, under-trained militaries. The fact that several of these countries are among the poorest in the Hemisphere, with the most fragile democracies, only serves to exacerbate the strain. All of these countries have severe force modernization and replenishment needs that have gone unmet as a result of financial crises and declining military budgets.

The FMF funds requested for FY 2002 will be used to meet some of these security needs in Bolivia, Ecuador, Panama and Peru. This funding will be used to complement the funding from the Andean Regional Initiative -- with its counternarcotics focus -- by seeking to meet pressing security needs for force modernization, training and equipment, the traditional needs of any military facing an expanded mission. In Bolivia, the focus will be on the Army's new 9th Division which will conduct presence operations in the volatile Chapare region. In Ecuador the focus will be on training and modernizing the forces tasked to patrol and defend the northern border region. Panamanian police and maritime patrols assigned to protect and defend the remote Darien region and to control Panama's coasts will receive training and navigational equipment. Peru's stretched military will receive training and equipment geared toward sustaining professionalism and maintaining equipment previously provided under FMF.